

**ORIGINAL**

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1 BEFORE THE ARIZONA CORPORATION COMMISSION  
2

3 GARY PIERCE - CHAIRMAN  
4 BOB STUMP - COMMISSIONER  
5 SANDRA D. KENNEDY - COMMISSIONER  
6 PAUL NEWMAN - COMMISSIONER  
7 BRENT BURNS - COMMISSIONER

JAN 25 2012 P 122

6 IN THE MATTER OF THE APPLICATION OF  
7 QWEST CORPORATION D/B/A  
8 CENTURYLINK-QC ("CENTURYLINK") TO  
9 CLASSIFY AND REGULATE RETAIL LOCAL  
EXCHANGE TELECOMMUNICATIONS  
SERVICES AS COMPETITIVE, AND TO  
CLASSIFY AND DEREGULATE CERTAIN  
SERVICES AS NON-ESSENTIAL

DOCKET NO. T-01051B-11-0378

11 NOTICE OF FILING DIRECT TESTIMONY

12 CenturyLink hereby files the attached Direct Testimony and Exhibits of Robert H.  
13 Brigham pursuant to the January 17, 20112 Procedural Order in the above captioned proceeding.

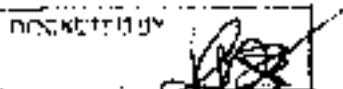
15 SUBMITTED, this 25<sup>th</sup> day of January, 2012.

17 QWEST CORPORATION d/b/a CENTURYLINK-  
QC

18  
19  
20 Arizona Corporation Commission  
DOCKETED  
21 JAN 26 2012  
22



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24  
25

1 ORIGINAL and thirteen (13) copies filed  
2 this 25<sup>th</sup> day of January, 2012, with:  
3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
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6 Phoenix, Arizona 85007

7 Copy of the foregoing sent via e-mail and  
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BEFORE THE ARIZONA CORPORATION COMMISSION

**GARY PIERCE**

Chairman

**BOB STUMP**

Commissioner

**SANDRA D. KENNEDY**

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**PAUL NEWMAN**

Commissioner

**BRENDA BURNS**

Commissioner

**IN THE MATTER OF THE APPLICATION OF  
QWEST CORPORATION D/B/A CENTURYLINK-  
QC ("CENTURYLINK") TO CLASSIFY AND  
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TELECOMMUNICATIONS SERVICES AS  
COMPETITIVE, AND TO CLASSIFY AND  
DEREGULATE CERTAIN SERVICES AS NON-  
ESSENTIAL.**

DOCKET NO. T-01051B-11-0378

DIRECT TESTIMONY

OF

**ROBERT H. BRIGHAM**

ON BEHALF OF

**CENTURYLINK**

**JANUARY 25, 2012**

*(PUBLIC VERSION)*

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1                                 **L. IDENTIFICATION OF WITNESS**

2     Q. **PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH**  
3     **QWEST.**

4     A. My name is Robert H. Brigham. My business address is 1801 California Street, Denver,  
5     Colorado, and I am currently employed by CenturyLink as a Regulatory Operations  
6     Director. I am testifying on behalf of CenturyLink QC.

7

8     Q. **PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
9     **EMPLOYMENT EXPERIENCE.**

10    A. In 1983, I received a Master of Business Administration (MBA) degree from the University  
11    of Colorado in Denver, Colorado. My area of emphasis was financial analysis. I received  
12    a Bachelor of Arts degree in 1974 from Stetson University.

13

14    I began my employment with CenturyLink (formerly Mountain Bell, U S WEST and  
15    Qwest) in 1976. Between 1976 and 1980, I held various positions in the Mountain Bell  
16    Commercial (marketing) department. In 1980, I accepted the position of Analyst in the  
17    Cost, Rates and Regulatory Matters department, working primarily on the development of  
18    embedded cost data. In June 1987, I accepted the position of Manager in the U S WEST  
19    Service Cost organization, with responsibility for economic analysis and the development  
20    of incremental costing methodologies. In September 1992, I accepted the position of  
21    Director- Product Cost Specialist, and assumed responsibility for developing and  
22    supporting U S WEST cost studies in formal regulatory proceedings, and representing  
23    U S WEST in costing and pricing workshops sponsored by various regulatory commissions  
24    in the U S WEST region. Between May 1994 and June 1997, I served as Director- Product  
25    and Market Issues. In that position, I managed competitive and local interconnection

1 issues, supporting U S WEST's interconnection negotiation and arbitration efforts. In June,  
2 1997, I rejoined the U S WEST cost organization as Director- Service Costs, where I was  
3 responsible for managing cost issues, developing cost methods and representing Qwest in  
4 proceedings before regulatory commissions. I held this position until April 2004, when I  
5 assumed the position of Staff Director in the Qwest Public Policy department, with  
6 responsibility for representing Qwest on pricing, competitive, economic and other  
7 regulatory issues. In April 2011, I accepted my current position with CenturyLink,  
8 handling regulatory operations issues for several states including Arizona.

9

10 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE ARIZONA**  
11 **COMMISSION?**

12 A. Yes. I have previously testified before the Arizona Corporation Commission in Docket No.  
13 T-01051B-03-0087, Docket T-00000A-00-0194, Docket E-1051-93-183 and Docket No. T-  
14 01051B-10-0194 et al (the recent CenturyLink-Qwest merger docket)

15

16 **Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY**  
17 **COMMISSIONS?**

18 A. Yes. I have presented testimony before commissions in Colorado, Iowa, Minnesota,  
19 Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah and  
20 Wyoming.

21

1   **II. INTRODUCTION**

2

3     **Q. DID CENTURYLINK FILE AN "APPLICATION TO CLASSIFY AND**  
4     **REGULATE RETAIL LOCAL EXCHANGE TELECOMMUNICATIONS**  
5     **SERVICES AS COMPETITIVE, AND TO CLASSIFY AND DEREGULATE**  
6     **CERTAIN SERVICES AS NON-ESSENTIAL?"**

7     A. Yes. On October 13, 2011, CenturyLink filed an application seeking (1) a determination  
8     pursuant to A.C.C. R14-2-1108 that all Commission-regulated retail local exchange  
9     services CenturyLink provides are competitive telecommunications services and (2) a  
10    determination that pursuant to A.R.S. §40-281(E), certain of the retail services CenturyLink  
11    provides are not essential or integral to the public service and shall not be regulated by the  
12    Commission.

13

14     **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15     A. The purpose of my testimony is to provide the data and analysis necessary for the  
16     Commission to approve both of the proposals outlined in CenturyLink's Application. First,  
17     I will demonstrate that the Arizona telecommunications market is extremely competitive,  
18     and that pursuant to Rule 1108, the conditions necessary for "competitive classification" of  
19     all retail services, including basic exchange service, have been satisfied. Second, I will  
20     explain why the services listed in Attachment B of the Application should be deregulated,  
21     pursuant to A.R.S. § 40-281(E). I will testify about the criteria for deregulation based upon  
22     my knowledge of the public policy considerations, the history of telecom regulation, my  
23     familiarity with the modern circumstances prevailing in the industry, and my knowledge of  
24     the CenturyLink services and tariffs in the State of Arizona. While I am not an attorney,

1 my testimony will be given in the context of the legal criteria stated in the Application and  
2 the understanding of those criteria that I hold as a regulatory manager.

3

4 **III. REQUEST FOR COMPETITIVE CLASSIFICATION PURSUANT TO RULE 1108**

5 **A. INTRODUCTION**

6

7 **Q. DO THE COMMISSION'S RULES PROVIDE A PATH TO ACCOMPLISH  
8 REGULATORY PARITY IN A COMPETITIVE ENVIRONMENT?**

9 A. Yes. Rule 1108<sup>1</sup> states: "A telecommunications company may petition the Commission to  
10 classify as competitive any service or group of services provided by the company." The  
11 petition for competitive classification "shall set forth the conditions within the relevant  
12 market that demonstrate that the telecommunications service is competitive." Rule 1108  
13 states that the following information should be provided in a petition to classify services as  
14 competitive:

15

- 16 1. A description of the general economic conditions that exist which make the  
17 relevant market for the service one that is competitive;
- 18 2. The number of alternative providers of the service;
- 19 3. The estimated market share held by each alternative provider of the service;
- 20 4. The names and addresses of any alternative providers of the service that are also  
21 affiliates of the telecommunications company, as defined in R14-2-801;
- 22 5. The ability of alternative providers to make functionally equivalent or substitute  
23 services readily available at competitive rates, terms, and conditions; and
- 24 6. Other indicators of market power, which may include growth and shifts in market  
25 share, ease of entry and exit, and any affiliation between and among alternative  
26 providers of the services.

---

<sup>1</sup> A.A.C. R14-2-1108.

1  
2     **Q. DOES YOUR TESTIMONY DEMONSTRATE THAT BASED ON APPLICATION**  
3         **OF THE CRITERIA DEFINED IN RULE 1108.B, SUBSECTIONS 1-6,**  
4         **COMPETITIVE CLASSIFICATION SHOULD BE GRANTED?**

5     A. Yes. My testimony and exhibits "set forth the conditions within the relevant market that  
6         demonstrate that the telecommunications service is competitive" as required in Rule  
7         1108.B. I will demonstrate that abundant competition exists throughout CenturyLink's  
8         Arizona serving area, and that CenturyLink's regulated services, including basic exchange  
9         service, should be classified as competitive throughout the state. In terms of the criteria  
10         outlined in Rule 1108.B, subsections 1-6, I will demonstrate that:

- 11  
12         1. The "general economic conditions" that exist throughout CenturyLink's Arizona  
13         serving area for all retail regulated services may be characterized as extremely  
14         competitive. Competition from wireline, wireless and VoIP providers has  
15         significantly diluted CenturyLink's market power, and economic and regulatory  
16         barriers to competitive entry have been eliminated. Competitive providers can  
17         enter the market using their own facilities or can purchase facilities from  
18         CenturyLink on an unbundled network element (UNE) or resale basis. The high  
19         level of competition throughout the state is described below.
- 20         2. There are many alternative providers offering basic voice and other services in  
21         Arizona. These include cable providers, Competitive Local Exchange Carriers  
22         ("CLECs"), wireless providers and VoIP providers. While the level of  
23         competition varies in different parts of CenturyLink's serving area in the state,  
24         nearly all CenturyLink customers in Arizona have the ability to purchase  
25         functionally equivalent voice services from a carrier other than CenturyLink, and

most of these customers have multiple competitive options. The presence in Arizona of these alternative providers is described below.

3. There are now a number of alternative providers offering voice services that serve as a substitute for CenturyLink's basic residential and business exchange services in Arizona, and these competitive alternatives have garnered significant market share. As these providers have gained customers, CenturyLink has lost more than half of its access lines in the last decade in Arizona. As described below, according to the FCC, the ILEC share of Arizona voice telecommunications connections is now only 18.4%, and according to Centris,<sup>2</sup> CenturyLink now provides voice service to only one third of the occupied Arizona consumer households in its Arizona serving area.
4. CenturyLink-QC, the Applicant in this proceeding, is a wholly-owned subsidiary of CenturyLink, Inc., which also owns CenturyLink QCC and CenturyLink QLDC. CenturyLink-QC is the legacy "Qwest Corporation" entity that provides basic local exchange and other services in its Arizona serving territory, and is an Incumbent Local Exchange Carrier under the telecom laws. CenturyLink QCC is the legacy "Qwest Communications Corporation" entity that provides long distance and certain other services, and CenturyLink QLDC is the "Qwest Long Distance Corporation" entity that provides resold intrastate interLATA long distance service. Tariffs, catalogs and price lists for these entities may be found on CenturyLink's web site.<sup>3</sup> Legacy CenturyLink has not offered telephone services in Arizona, and on December 9, 2011 the Commission approved the withdrawal of the "CenturyTel Solutions" certificate (Decision 72711).

<sup>2</sup> Centris is a consulting firm retained by CenturyLink to provide share and other market data. I will further describe Centris below.

<sup>3</sup> See: [http://tariffs.qwest.com:8000/Q\\_Tariffs/AZ/index.htm](http://tariffs.qwest.com:8000/Q_Tariffs/AZ/index.htm).

- 1       5. Alternative providers are offering "functionally equivalent or substitute services  
2       readily available at competitive rates, terms, and conditions" which is the core test  
3       in Rule 1108. These *substitute* services are provided by well-capitalized cable,  
4       wireless and VoIP providers and are available throughout the state at comparable  
5       rates, terms and conditions. I describe these competitive service providers below,  
6       and demonstrate that they offer "functionally equivalent or substitute services" at  
7       competitive prices that constrain CenturyLink's pricing.
- 8       6. The ease of competitor entry and exit, the presence of readily available  
9       substitutes, the significant loss of CenturyLink market share along with the rapid  
10      evolution of technology have significantly diminished CenturyLink's market  
11      power in Arizona. Economic and regulatory barriers to entry have been  
12      eliminated, as evidenced by the fact that alternative services are available from  
13      multiple providers in nearly all areas. These factors, and their impact on  
14      CenturyLink in Arizona, are described below.

15      **Q. WHAT ACTION SHOULD THE COMMISSION TAKE IN THIS PROCEEDING?**

- 16      A. Based on the criteria in Rule 1108.B, subsections 1-6, the Commission should find that  
17      CenturyLink telecommunications services offered in Arizona are "competitive" and should  
18      be subject to the pricing and rate change procedures outlined in R14-2-1109 and R14-2-  
19      1100.

20      **Q. WHY IS IT IMPORTANT FOR THE COMMISSION TO APPROVE  
21      CENTURYLINK'S PETITION?**

- 22      A. As explained in CenturyLink's Petition, the way CenturyLink's Arizona rates for regulated  
23      telecommunications services are set has not changed much since Arizona became a state, at

1 which time telephone service was a state-sanctioned, regulated monopoly. Today  
2 Arizonans can choose to obtain telephone service from literally dozens of other wireline  
3 communications companies; yet *the rates of these other providers are not regulated in the*  
4 *same manner as the rates of CenturyLink are regulated.* The rates of all competitive  
5 wireline providers, whether a small provider or a large provider such as Cox Telecomm, are  
6 regulated under competitive rules where rates are set using a *streamlined* procedure, under  
7 the Commission's rules for competitive telecommunications services. That *streamlined*  
8 procedure stands in stark contrast to the heavy regulatory constraints that are applied to  
9 CenturyLink. CenturyLink asks that the Commission set its rates the same way it sets the  
10 rates for the other competitive telecommunications companies the Commission oversees.  
11 Given the state of competition in CenturyLink's Arizona markets, as described below, the  
12 time is right to move to a uniform regulatory approach for all telecom providers in the  
13 CenturyLink service area.

14

15 In its Application and my testimony, CenturyLink demonstrates that there is no basis for  
16 the Commission to regulate its retail rates differently than it regulates the rates of its  
17 competitors. The lighter regulation the Commission exerts on CenturyLink's competitors  
18 like Cox Communications should be applied to CenturyLink. To continue the disparate  
19 regulatory treatment in place today harms CenturyLink and its Arizona customers. By  
20 reducing unneeded regulatory burdens, CenturyLink will be able to be more responsive to  
21 customer demand and competitive market conditions. CenturyLink will be better  
22 positioned to bring products, services, and targeted offers and promotions to the market  
23 with greater speed and effectiveness. In this competitive environment, prices for all  
24 services should reflect market conditions rather than the application of historical monopoly  
25 pricing models.

1

2   **Q. IF THE COMMISSION GRANTS CENTURYLINK'S PETITION, WILL  
3       CENTURYLINK BE ABLE TO IMMEDIATELY CHANGE ITS PRICES FOR  
4       "COMPETITIVE" SERVICES?**

5   A. No. A competitive classification pursuant to Rule 1108 means that CenturyLink would  
6       price its "competitive" services pursuant to A.A.C. R14-2-1109 and A.A.C. R14-2-1110.  
7       CenturyLink would need to follow the procedures prescribed in these rules before it can  
8       change prices for any "competitive" services.

9

10   **Q. IS THERE ANYTHING UNUSUAL OR UNIQUE ABOUT CENTURYLINK  
11       FILING UNDER RULE 1108 FOR COMPETITIVE CLASSIFICATION OF ITS  
12       SERVICES?**

13   A. No. Following approval of the Competitive Rules during the mid 1990s, the Company  
14       made a number of filings to have specific services classified as competitive under Rule  
15       1108.B.

16

17   **Q. WERE THOSE APPLICATIONS ACCEPTED AND RULED ON BY THE  
18       COMMISSION.**

19   A. Yes. Following is a list of those filings and their disposition:

20

Service	Date of Filing	Docket No.	Disposition
MTS, Private Line, WATS, 800 Service, and Optional Calling Plans	3/15/96	T-01051B-96-0160	Approved 4/24/96 – Decision No. 59637
Directory Assistance	6/28/99	T-01051B-99-0362	Approved 12/14/99 – Decision No. 62129

Centrex Prime	9/23/97	T-01051B-97-0528	Approved 8/26/98 Decision No. 61089
ATM Cell Relay Service	7/17/97	T-01051B-97-0368	Approved 1/7/99 - Decision No. 61328
National Directory Assistance	7/17/97	T-01051B-97-0369	Approved 12/18/97 - Decision No. 60545

1

2     **Q. WHY HAVE THERE BEEN NO FURTHER COMPETITIVE FILINGS BY**  
3         **CENTURYLINK SINCE THE LATE 1990s?**

4     A. The primary reason is that in 2001, the Company began operating under a price cap plan  
5         which provided pricing flexibility for some services similar to that available under Rule  
6         1108. Thus, there were no "Rule 1108" filings for many of the services that, absent the  
7         price cap plan, would likely have been the subject of a petition for competitive  
8         classification.

9

10    **Q. HAS THERE BEEN SOME CHANGE TO THE PRICE CAP PLAN TO CAUSE**  
11         **CENTURYLINK TO RESUME FILING UNDER SECTION 1108 FOR**  
12         **COMPETITIVE CLASSIFICATION?**

13    A. While the Price Cap Plan hasn't changed, the marketplace has. The prices for the services  
14         in Attachment A to the Application are hard capped under the Price Cap Plan. In order to  
15         be able to compete on the same basis as our competitors, it is necessary for these services  
16         to be classified as competitive.

17

18    **Q. WHAT IS THE COMPANY'S PROPOSAL WITH RESPECT TO THE SERVICES**  
19         **THAT HAVE PREVIOUSLY BEEN CLASSIFIED AS COMPETITIVE?**

20    A. CenturyLink has included these services on Attachment B to its application and is  
21         recommending that they be deregulated. In addition to the reasons set forth in the

1 deregulation section later in my testimony, these services have been classified as  
2 competitive for anywhere from 12 to 15 years. Deregulation of these services is a logical  
3 next step.

4

5 **B. THE ARIZONA LOCAL EXCHANGE MARKET**

6 **1. Summary**

7

8 **Q. WHAT TYPES OF PROVIDERS COMPETE WITH CENTURYLINK IN THE**  
**9 ARIZONA LOCAL EXCHANGE VOICE MARKET?**

10 A. As described below, the telecommunications market in Arizona is exceptionally  
11 competitive, and the mix of competitive telecommunications alternatives continues to grow  
12 and evolve. Traditional competitors such as Cox Communications ("Cox") (the major  
13 cable company serving much of CenturyLink's Arizona territory including Phoenix and  
14 Tucson), along with a number of CLECs (such as Integra, iW telecom, PARTC and Level  
15 3) continue to aggressively compete with CenturyLink. At the same time, intermodal voice  
16 services from wireless companies such as AT&T, Verizon, Sprint and T-Mobile and Voice  
17 over Internet Protocol ("VoIP") services from companies like Vonage and Google are  
18 rapidly gaining a significant share of the telecommunications market in the state. Arizona  
19 consumers and businesses have numerous alternatives to meet their local voice calling and  
20 broadband needs. The Arizona telecommunications market is becoming more competitive  
21 every day, and there is no reason to conclude that this explosion of competitive alternatives  
22 will subside as new technologies are developed and customer preferences evolve.  
23 CenturyLink's "market power" is constrained by competition today, and the market power  
24 of the combined company will continue to be constrained by increasing competition in the  
25 future.

Some of these competitors offer services to customers via the purchase of wholesale services from CenturyLink (including unbundled network elements, CenturyLink Local Services Platform ("CLSP"), Special Access, and the resale of CenturyLink's retail services) while many other competitors, including cable providers, wireless carriers and certain CLECs, offer services to customers over their own facilities. CenturyLink's wireline services also face competition from non-voice services such as email, texting, internet communication and social networking sites. These services provide users with the ability to communicate instantly across a wide variety of platforms and customer equipment.

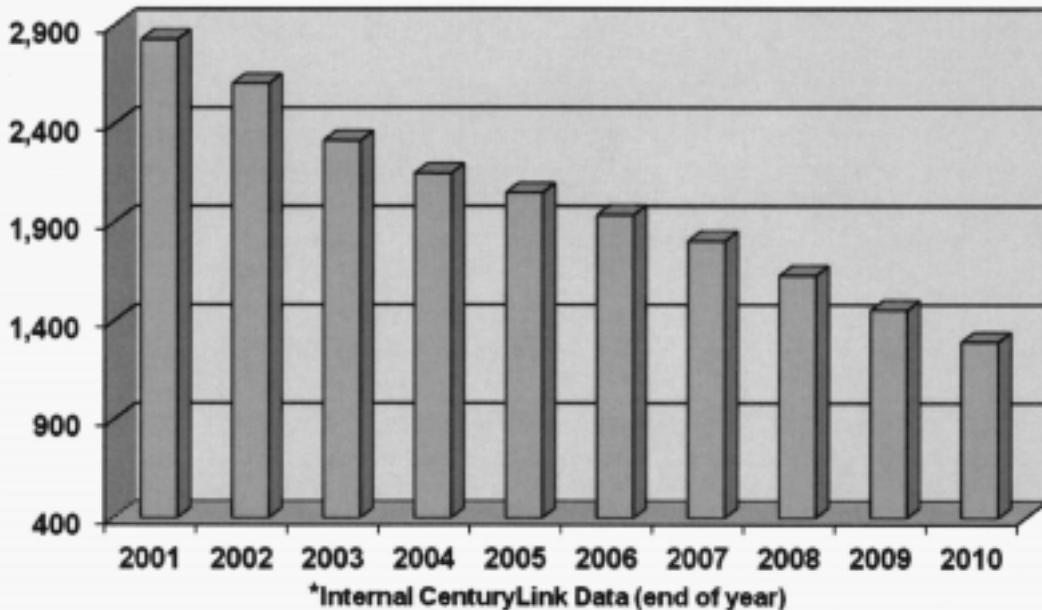
**Q. PLEASE DESCRIBE THE IMPACT OF THIS COMPETITION ON CENTURYLINK ACCESS LINES IN ARIZONA.**

A. As competition for voice communications services has increased, CenturyLink has experienced a *significant decline in access line volumes*. Between December 2001 and December 2010, CenturyLink (Qwest) retail access lines in Arizona declined 54%, from 2.832 million to 1,295 million.<sup>4</sup>

---

<sup>4</sup> Residential retail access lines have dropped 61% and business retail access lines have dropped 36% over this time frame.

**CenturyLink Arizona Retail Access Lines\***  
(Thousands)



While CenturyLink has experienced a steady decline in residential and business access lines over the past decade, U.S. Census data shows that both households and the number of people in Arizona have increased. The population of Arizona increased from 5,304,417 in July 2001 to 6,595,778 in July 2009; an increase of 24.3%.<sup>5</sup> The number of households in Arizona increased from 2,259,938 in July 2001 to 2,752,991 in July 2009 (the latest data available); an increase of 21.8%.<sup>6</sup>

As Arizona has experienced a significant growth trend, demand for voice communications services in Arizona has increased apace. FCC data shows that in the western U.S. (as well

<sup>5</sup> See: <http://www.census.gov/popest/states/tables/NST-EST2009-01.xls>

<sup>6</sup> See: <http://www.census.gov/popest/housing/tables/HU-EST2008-01.xls>

1 as nationally), household expenditures for telephone service have increased steadily each  
2 year since 2001,<sup>7</sup> even as CenturyLink (Qwest) revenues have declined. However, despite  
3 the large upward trend in households, population, and telephone service expenditures by  
4 the public, CenturyLink's retail residential access line base in Arizona has fallen sharply  
5 since 2001. These divergent trendlines show that consumers are increasingly taking  
6 advantage of the expanding array of competitive alternatives to CenturyLink's wireline  
7 voice telephone services. As CenturyLink's access lines decline, consumers are  
8 increasingly meeting their telecommunications needs via services provided by cable  
9 telephony providers, wireless providers, Voice over Internet Protocol ("VoIP") providers  
10 and CLECs.

11

12 **Q. CAN YOU ESTIMATE HOW COMPETITION IN ARIZONA HAS IMPACTED  
13 CENTURYLINK'S SHARE OF THE LOCAL VOICE TELEPHONE MARKET IN  
14 ARIZONA?**

15 A. Yes. While CenturyLink does not have access to the confidential access line and other data  
16 from its competitors, we have estimated our voice market share and the share of our  
17 competitors based on FCC data and survey data compiled by consulting firm *Centris*.<sup>8</sup>

18

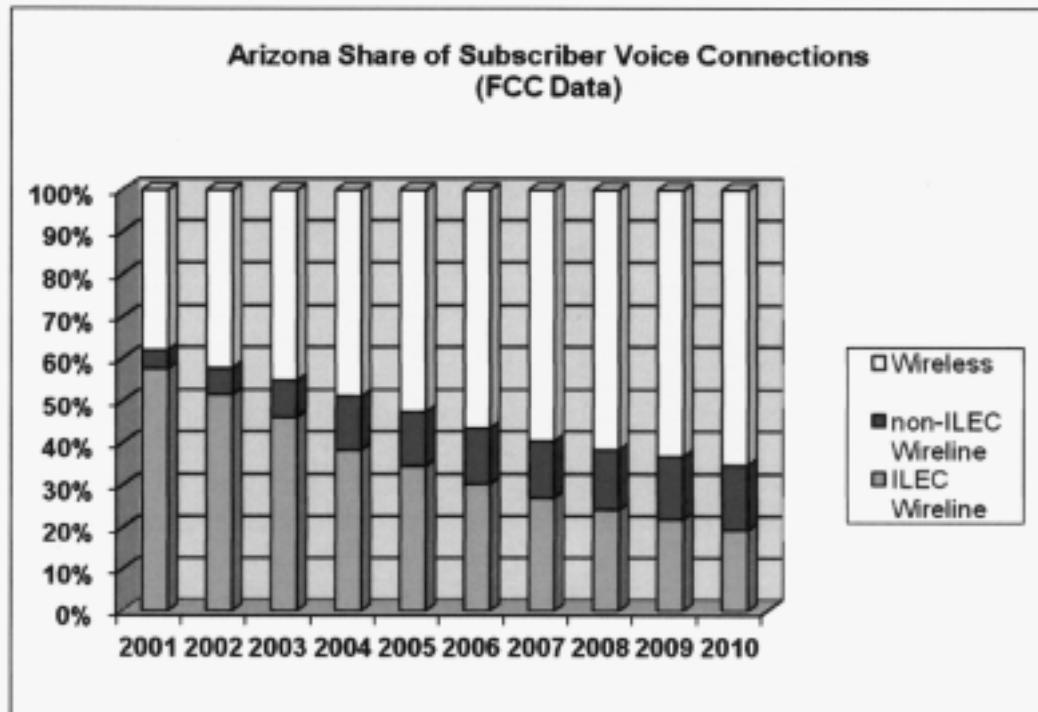
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<sup>7</sup> See: *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service Industry*, FCC Analysis & Technology Division, Wireline Competition Bureau, 2008, Table 2.1. See: [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC\\_281931A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC_281931A1.pdf)

<sup>8</sup> Centris is a marketing science firm that provides services to CenturyLink and other companies. On its web site, Centris states: "Our ongoing survey programs, local market models and advanced analytic skills supplement the research departments of many of the world's leading communication and entertainment companies." Centris focuses on the voice, video and data markets. See: <http://www.centris.com/home.html>.

- 1   **Q. PLEASE DESCRIBE THE FCC'S VOICE MARKET DATA FOR ARIZONA.**
- 2   A. The FCC compiles voice connection data for ILECs, CLECs and wireless providers every  
3   six months, and presents this data in its *Local Competition Report*. This report clearly  
4   demonstrates that CenturyLink and other ILECs' share of the voice market in Arizona has  
5   declined significantly over the past decade as customers have moved to cable, wireless,  
6   CLEC and VoIP options. Based on the latest FCC report (using December 2010 data), the  
7   ILEC share of Arizona voice telecommunications connections (including residence and  
8   business lines) is now only 18.4%, as compared to 15.6% for non-ILECs (including  
9   reporting VoIP providers) and 65.9% for wireless providers.<sup>9</sup> The trends in the migration  
10   of customers from CenturyLink and other ILEC providers to other wireline and wireless  
11   providers over the past ten years is demonstrated by the following chart:

12



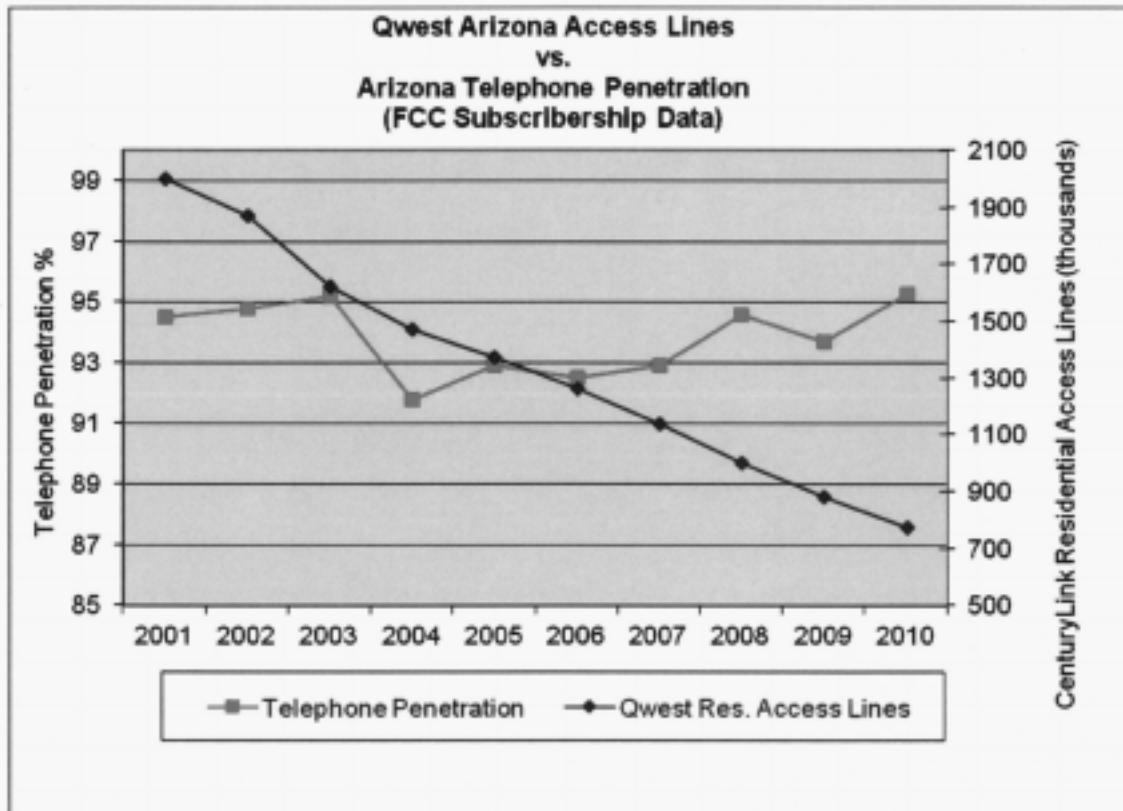
13

<sup>9</sup> *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October, 2011, tables 12, 13 & 17.

The fact that consumers have multiple local service options, including cable telephony, wireless services and VoIP-based services --and have been utilizing these options at an increasing rate—is also revealed by the FCC subscriberhip penetration data. When the FCC evaluates telephone subscriberhip (and develops penetration percentages), it considers all local exchange options, including wireless, cable and VoIP—since these are real voice telephone options available to consumers.<sup>10</sup> As delineated in the chart below, in the past decade the telephone subscriber penetration rates in Arizona have remained relatively steady even as CenturyLink has been consistently losing access lines. This demonstrates that if a customer is dissatisfied with CenturyLink's rates (or any other aspect of CenturyLink's service) he or she is likely to move to a competitive option rather than go "phoneless." The following chart shows CenturyLink's decline in Arizona residential access lines along with the FCC's Arizona penetration rate since 2000.<sup>11</sup>

<sup>10</sup> The FCC's Current Population Survey ("CPS"), which is used to develop telephone penetration data, asks the following question: "Does this house, apartment, or mobile home have telephone service from which you can both make and receive calls? Please include cell phones, regular phones, and any other type of telephone." And, if the answer to the first question is "no," this is followed up with, "Is there a telephone elsewhere on which people in this household can be called?" If the answer to the first question is "yes," the household is counted as having a telephone "in unit." If the answer to either the first or second question is "yes," the household is counted as having a telephone "available." *Telephone Subscriberhip in The United States (Data through July 2010)*, Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, Released: May, 2011, pp. 2-3, See: [http://hraunfoss.fcc.gov/edocs\\_publications/DOC-306752A1.pdf](http://hraunfoss.fcc.gov/edocs_publications/DOC-306752A1.pdf)

<sup>11</sup> *Id.*, Table 3.



This chart clearly demonstrates that Arizona consumers have been purchasing cable telephony, wireless or VoIP-based services as a substitute for CenturyLink services.

Q. HAS CENTURYLINK ESTIMATED ITS SHARE OF THE CONSUMER AND SMB<sup>12</sup> VOICE MARKETS IN ARIZONA?

A. Yes. CenturyLink retained the consulting firm *Centris* to estimate voice market share for CenturyLink and its competitors in the consumer, small business and mid-sized business market in Arizona.

<sup>12</sup> Small and Medium sized business

1   **Q. PLEASE DESCRIBE CENTURYLINK'S CONSUMER MARKET SHARE DATA**  
2   **FOR ARIZONA.**

3   A. The *Centris* data is based on occupied households within the CenturyLink serving area in  
4   Arizona, and shows the share of these households that purchase voice service from  
5   CenturyLink, cable companies, other VoIP providers and CLECs. *Centris* also identifies  
6   occupied households without any voice service. *Centris* summarizes its methodology as  
7   follows:

8  
9   *Centris* provides a data collection, data integration, modeling and reporting  
10   platform for computing estimates of market size, market share and associated  
11   metrics at local levels of geography. A number of these metrics are estimated by  
12   provider: (1) This platform combines extensive market research with industry  
13   analysis to ensure that the *Centris* estimates line up with published business  
14   intelligence, company reports and other market and industry analyses; (2) The  
15   process uses multiple layers of geography to provide projections of behavior by  
16   provider and location; (3) For all product areas, *Centris* starts with assigning  
17   occupied households to the Legacy Qwest footprint and then overlays cable  
18   boundaries to provide the ability to look at Legacy Qwest by competitor; (4)  
19   Absolute subscriber numbers and detailed flow share analysis are readily  
20   available. For voice, *Centris* uses over a million LIDB (Line Information  
21   Database) lookups to determine phone provider by local geography. Next  
22   *Centris* uses Legacy Qwest subscribers, surveys and other data to set state and  
23   footprint level constraints. Then *Centris* models voice demand (ILEC, CLEC,  
24   cable voice, wireless only, VoIP)

25  
26   The Confidential Version of my testimony which follows discloses data that *Centris*  
27   developed using the methods described above; it does not rely on carrier confidential  
28   information from the Applicant or from the other carriers. The confidentiality protection is  
29   asserted to protect *Centris'* proprietary work product.

30  
31   The data demonstrate that the CenturyLink share of the consumer voice market has been  
32   declining over the past several quarters, and that as of the third quarter of 2011,

1                   CenturyLink provided voice service to [begin confidential] [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [end confidential] It is important to note that the "wireless only" share includes only  
14 households that do not have wireline services at all; thus, the many CenturyLink  
15 households with both a wireline and wireless phone are included in the CenturyLink  
16 wireline share.<sup>13</sup> Significantly, Cox Communications' share of the Arizona voice market is  
17 [begin confidential] [REDACTED] [end confidential] I  
18 will discuss Cox in more detail later in my testimony.  
19  
20 Note that the CLEC and VoIP shares in the Centris consumer share study are small. The  
21 CLEC share is small because (1) it does not include the cable providers such as Cox, who

<sup>13</sup> The CenturyLink share estimated in the Centris study is higher than the 18.4% HUC share estimated with the FCC data primarily because the Centris study counts CenturyLink households that have both a wireline phone and a wireless phone as a wireline household. The FCC share is based on an analysis that counts each wireline and wireless connection separately, regardless of whether or not the household has both wireline and wireless service. Thus, if a household has a wireline phone and a wireless phone, the FCC analysis would count one wireline connection and one wireless connection, rather than simply one wireline connection. In addition, there may be some differences in the characteristics of CenturyLink and other HUC areas.

1       are stated separately, and (2) most of the traditional CLECs operating in Arizona are  
2       focused on marketing services to business customers rather than the consumer market. The  
3       VoIP share is small because it does not include cable providers such as Cox who may  
4       provide managed VoIP services.<sup>14</sup>

5

6       **Q. HAS CENTRIS IDENTIFIED RECENT TRENDS IN THE CONSUMER VOICE  
7       MARKET IN ARIZONA?**

8       A. Yes. Recent trends in the *Centris* consumer study are delineated in Confidential Exhibit  
9       RHB-1. This exhibit provides CenturyLink share data for several quarters, and also shows  
10      the share for each cable provider. This exhibit demonstrates the trend of declining  
11      CenturyLink share, along with increasing cable and wireless-only share.

12

13       **Q. WHAT DO YOU CONCLUDE REGARDING THE CONSUMER MARKET?**

14       A. Roughly two-thirds of the consumer households in the CenturyLink serving area in Arizona  
15      are not utilizing CenturyLink for voice services. This is clearly a very competitive market  
16      where alternative providers are successfully offering functionally equivalent or substitute  
17      services that have allowed these providers to gain significant market share at the expense of  
18      CenturyLink. In this environment, CenturyLink has very limited market power.

19

20       **Q. HAS CENTRIS IDENTIFIED ANY MARKET SHARE DATA FOR THE SMALL  
21      AND MEDIUM BUSINESS ("SMB") VOICE MARKET IN ARIZONA?**

22       A. Yes. *Centris* has estimated the share of the Arizona wireline voice market for CenturyLink  
23      (legacy Qwest) and its competitors.<sup>15</sup> However, importantly, this study does not show the

---

<sup>14</sup> Managed VoIP services utilize private networks, and do not traverse the public internet.

<sup>15</sup> Legacy CenturyLink entities do not provide service in Arizona.

1 impact of wireless competition in the SMB market, and therefore does not include a full  
2 analysis of the entire SMB voice market. The study shows that for the second quarter of  
3 2011, the CenturyLink share of the small business *wireline* voice market was [begin  
4 confidential] [REDACTED] [end confidential] and the CenturyLink share of the medium business  
5 wireline market was [begin confidential] [REDACTED]<sup>16</sup> [end confidential]. While this data  
6 provides a picture of the wireline SMB market, it is entirely reasonable to assume that  
7 many small businesses also utilize wireless service in their businesses. Therefore, these  
8 wireline market shares, if unadjusted for wireless, grossly overstate CenturyLink's share of  
9 total voice connections in the SMB market.

10  
11 The major wireline competitors in these markets are Cox, Integra, XO and tw telecom. I  
12 will discuss these competitors later in my testimony. Confidential Exhibit RTTB-2 includes  
13 the *Centris* wireline market share data for the small and medium-sized business markets.  
14

15 Q. ACCORDING TO THE *CENTRIS* DATA, THE CENTURYLINK MARKET  
16 SHARE IS LARGER THAN THE SHARE IN THE CONSUMER MARKET. DOES  
17 THAT MEAN THAT THE SMB MARKET IS NOT COMPETITIVE?

18 A. No. First, as described above, the *Centris* SMB data does not include the impact of  
19 wireless services in the SMB market. However, even if CenturyLink retains a larger share  
20 of the SMB voice market than of the consumer market today, the market segment is  
21 nonetheless very competitive, and CenturyLink has already lost a significant share to  
22 competitors such as Cox, Integra, XO, tw telecom, Level 3 and PAETEC. Numerous  
23 CLECs offer functionally equivalent or substitute services and compete vigorously with

<sup>16</sup> Small business is defined as firms spending <\$1,500 / month (ex-wireless) and Mid Markets are firms spending between \$1,500 and \$5,000/ month (ex-wireless)

1       CenturyLink in this segment, and CenturyLink's market power is constrained. I will  
2       describe some of these competing providers below.

3

4       **Q. HAS CENTURYLINK CONDUCTED A MARKET SHARE ANALYSIS FOR THE**  
5       **LARGE BUSINESS VOICE MARKET IN ARIZONA?**

6       A. CenturyLink has not conducted a market share analysis of the large business market that is  
7       *specific* to Arizona. However, the large business (Enterprise) market should be viewed  
8       within a larger context, since many large business customers operate in multiple states,  
9       sometimes with nationwide telecommunications contracts. CenturyLink does have data  
10      from market research firms that show the nature of the large business market, and provide  
11      national market share estimates. National research firm IDC has found that in 2011, AT&T  
12      and Verizon dominated the national large business voice segment, with market shares of  
13      [begin confidential] [REDACTED] [end confidential] respectively. The legacy Qwest entity  
14      held a share of only [begin confidential] [REDACTED] [end confidential] of the voice market with  
15      Sprint and XO holding [begin confidential] [REDACTED] [end confidential]. Similarly,  
16      research firm Atlantic ACM found that in 2010, AT&T held [begin confidential] [REDACTED]  
17      [end confidential] of the business total wireline market while Verizon held [begin  
18      confidential] [REDACTED] [end confidential] of this market, and CenturyLink [begin confidential]  
19      [REDACTED] [end confidential]

20

21       **Q. HAS THE COMMISSION PREVIOUSLY DETERMINED THAT THE**  
22       **ENTERPRISE MARKET IN ARIZONA IS COMPETITIVE?**

23       A. Yes. In a proceeding to consider the CC&N for QCC, the Commission determined that  
24       QCC's entry into the large business market would enhance competition, by providing  
25       competition for the two dominant firms in the market, Verizon and AT&T.

1 Staff stated in its Supplemental Testimony that given the competitive nature  
2 of the Enterprise Market in the larger metropolitan areas in Arizona, QCC's  
3 entry into that market should not have an adverse impact on competition [.]<sup>17</sup>

4 In the recent CenturyLink-Qwest merger proceeding, CenturyLink and Qwest witnesses  
5 explained that the merger would help competition in Arizona because the combined  
6 company would be better able to compete in the large business market with AT&T and  
7 Verizon:

8

9       **Q. WILL THE COMBINED ENTITY BE BETTER ABLE TO**  
10      **COMPETE IN THE NATIONAL TELECOMMUNICATIONS**  
11      **MARKET?**

12       A. Yes. From a national perspective, the combined company will be  
13      significantly larger than each company alone, and as described above  
14      and in the testimony of Mr. Glover, will have significantly more  
15      financial resources and an enhanced ability to attract capital. These  
16      resources, along with increased scale and scope, will allow the combined  
17      entity to adapt to changes in the marketplace, and to better compete  
18      nationally with the larger well-capitalized players in the market such as  
19      AT&T, Verizon, Comcast and many others. In particular, the post-  
20      merger entity will have more resources to compete with AT&T and  
21      Verizon in the enterprise business market. For total year 2009, Qwest  
22      total Business Markets Group revenues were \$4.09 billion, compared to  
23      business revenues of \$14.74 billion for AT&T and \$14.98 billion for  
24      Verizon. In terms of business revenues for 10 of Qwest's top  
25      competitors, Qwest's share of the business market is less than 10%,  
26      compared to 33% each for AT&T and Verizon. The Transaction will  
27      provide the post-merger entity with the additional financial strength,  
28      scale and scope economies and geographic coverage to better compete  
29      with these providers, offering state-of-the-art innovative services to large  
30      business and government customers throughout the country.<sup>18</sup> (footnotes  
31      omitted)

32

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<sup>17</sup> Decision No. 68447, Paragraph 58.

<sup>18</sup> Testimony of Mr. James P. Campbell on behalf of Qwest, DOCKET NO. T-01051B-10-0194, et al. May 21, 2010, pages 14-15.

1   **Q. WHAT DO YOU CONCLUDE?**

2   A. The large business or Enterprise voice market is still dominated by Verizon and AT&T,  
3   and CenturyLink is clearly not dominant in this market. Customers have the alternative to  
4   purchase services from AT&T, Verizon, CenturyLink and other carriers who are  
5   increasingly focused on the large business market, such as Cox, tw telecom, XO, PAETEC,  
6   Level 3 and others. CenturyLink does not possess market power in this segment.

7

8   I will now describe the competitive market in Arizona in more detail.

9

10                   **2. Wireline competition**

11                   **a. Cable Telephony**

12

13   **Q. PLEASE DESCRIBE TELEPHONE COMPETITION BY CABLE COMPANIES IN**  
14   **ARIZONA.**

15   A. Cable companies provide phone service (along with video and high speed internet)  
16   throughout CenturyLink's Arizona serving territory. Cox is the major cable company,  
17   offering digital telephone and broadband service to customers in many parts of the state,  
18   including the greater Phoenix and Tucson areas. Other cable companies operating in  
19   Arizona that provide telephone service include Comcast, Time Warner Cable, Cable One,  
20   Mediacom and Suddenlink. Comcast serves some areas north of Tucson; Time Warner  
21   Cable serves the Yuma area; Cable One serves many mid sized cities such as Chino Valley,  
22   Cottonwood, Globe/Miami, Safford and Winslow; Mediacom serves Nogales; and  
23   Suddenlink serves the Flagstaff and Sedona areas. As shown in Confidential Exhibit RHB-  
24   3, the data available to CenturyLink shows that cable telephony service is now available to

1       customers in at least 116 of CenturyLink's 132 wire centers in Arizona,<sup>19</sup> and those wire  
2       centers comprised 98.4% of CenturyLink's access lines in Arizona as of December 31.  
3       Thus, cable telephone service is now available to the vast majority of CenturyLink  
4       customers in Arizona.

5

6       **Q. HOW DO CABLE COMPANIES PROVIDE VOICE SERVICE IN ARIZONA?**

7       A. Cable companies provide telephone service over their own coaxial/fiber facilities, and  
8       sometimes partner with wholesale providers such as Level 3 to offer a complete array of  
9       local telephone services. The voice services provided via cable telephony include local  
10      calling, long distance calling and calling features, and are functionally equivalent to the  
11      services that are offered by CenturyLink. Some cable providers use VoIP-based  
12      technology, but these are managed services that do not utilize the public internet. For  
13      example, Cox claims that "Cox Digital Telephone is not an Internet telephone service.  
14      Rather, in some markets, it uses Internet Protocol (IP) technology to transport phone calls  
15      over its private, managed IP-based data network, never transversing the public Internet or  
16      even requiring a broadband connection."<sup>20</sup> Since cable telephony providers utilize their  
17      own networks and facilities, they do not rely on CenturyLink wholesale network elements  
18      in the provision of their telephone services.

19

20       Cox, Cable One, Suddenlink, Time Warner and other cable companies offer a broad range  
21      of telecommunications services to residential and business customers in Arizona, as

---

<sup>18</sup> Based primarily on FCC data, with input from a database provided by Pitney-Bowes, provider web sites and CenturyLink field teams.

<sup>20</sup> While cable providers serve at least some customers in these communities, each company may not offer services to all of the areas served by CenturyLink in each wire center.

<sup>21</sup> Cox Digital Telephone Fact Sheet, See: <http://cox.pitneybowes.com/index.php?s=45>

1 described below. These offerings demonstrate that cable service providers see the  
2 provision of telephone service as a key ingredient in their strategy to expand their customer  
3 bases and improve revenue streams by driving up the number of customers purchasing  
4 multiple services in addition to cable television service.

5

6 **Q. HOW DOES COX COMMUNICATIONS ("COX") COMPETE WITH  
7 CENTURYLINK IN ARIZONA?**

8 A. Cox is the third largest cable company in the U.S., with 6 million cable subscribers, 3.9  
9 million high speed internet customers and over two million digital voice customers.<sup>22</sup> Cox  
10 claims to be one of the largest cable telephony providers in the United States, and connects  
11 more than 50 million phone calls per day on its network.<sup>23</sup> In Arizona, Cox provides  
12 service to residential and business customers throughout the Phoenix and Tucson  
13 metropolitan areas. Confidential Exhibit RHB-3 shows the CenturyLink wire centers that  
14 are served by Cox Communications.<sup>24</sup> Based on this data, Cox serves a geographic area  
15 within Arizona encompassing 83 CenturyLink wire centers that account for approximately  
16 81.6% of the CenturyLink retail access lines in Arizona.<sup>25</sup> Cox competes with  
17 CenturyLink via its extensive hybrid coaxial cable and fiber network, along with Cox-  
18 owned switches. Cox has described its operation in Arizona as follows:

19  
20 Cox Communications serves nearly 3 million residential and business product  
21 subscribers in Arizona (a product subscriber represents an individual service

<sup>22</sup> <http://cox.mediaroom.com/index.php?s=65>, visited 1-17-12

<sup>23</sup> [d].

<sup>24</sup> The data in Confidential Exhibit RHB-3 is based primarily on FCC data (see: <http://transition.fcc.gov/mb/engineering/lis/state.html>) with input from a database provided by Pitney-Bowes, provider web sites and CenturyLink field team observations.

<sup>25</sup> While Cox at least some customers in each these wire centers, it may not offer services to all geographic areas within each wire center.

1 purchased by a customer). In metro Phoenix, Cox serves approximately 2.5  
2 million product subscribers. In Southern Arizona, Cox serves approximately  
3 400,000 product subscribers. Cox's 18,000-mile hybrid fiber coaxial cable  
4 network throughout Phoenix and Southern Arizona provides homes and  
5 businesses with digital television, high speed Internet, home networking, high  
6 definition television and digital telephone service. Cox Arizona offers integrated  
7 wireless services too.<sup>26</sup>

8

9 Since Cox is a private company, it is not required to release financial information publicly,  
10 and thus CenturyLink does not have access to detailed financial or operating data for Cox  
11 operations. However, consistent with Cox's claim of serving nearly 3 million product  
12 subscribers in Arizona, CenturyLink estimates that Cox provides voice services to well  
13 over 500,000 residence and business customers in the state.

14

15 Cox offers a broad range of telecommunications services to residential, small business and  
16 Enterprise business customers in its serving area, and has enjoyed significant success in  
17 marketing its Digital Telephone service to these residential and business customers.

18

19 Q. PLEASE DESCRIBE HOW COX COMPETES WITH CENTURYLINK IN THE  
20 CONSUMER MARKET.

21 A. Cox Communications has become a major competitor of CenturyLink in the voice, video  
22 and high speed internet markets in Arizona. Focusing just on the voice market, Centris  
23 estimates that as of the second quarter of 2011, Cox served [begin confidential] [redacted]  
24 [end confidential] consumer voice lines in Arizona,<sup>27</sup> as compared to the 719,000 consumer  
25 lines served by CenturyLink in Arizona for the same time period. Thus, Cox alone has  
26 gained almost half of the consumer wireline voice market in Arizona. The huge presence  
27 of Cox in the Arizona consumer voice market by itself clearly demonstrates that

<sup>26</sup> See: [http://www.cox.com/arizona/press/ICox\\_PressKit\\_v21.pdf](http://www.cox.com/arizona/press/ICox_PressKit_v21.pdf), visited 1-17-12

<sup>27</sup> This is consistent with Cox's claim that it has 2.5 million product subscribers in Arizona, as noted above.

1       CenturyLink is no longer the dominant voice provider in the state. There is no basis to  
2 regulate CenturyLink more heavily than Cox, when Cox now holds almost half of the  
3 consumer voice market in Arizona.

4

5       **Q. PLEASE DESCRIBE THE SERVICES COX OFFERS TO RESIDENTIAL  
6 SUBSCRIBERS.**

7       A. Cox provides voice services that are directly comparable to CenturyLink voice services in  
8 terms of price and functionality. Cox claims that "Customers typically save up to \$120 a  
9 year with Cox Digital Telephone compared to services from companies such as AT&T,  
10 Qwest, Verizon and Centurylink."<sup>28</sup> Cox offers its "Essential Plan" that includes unlimited  
11 local calling, Busy Line Redial, Caller ID, Call Waiting and Call Waiting ID for only  
12 \$19.99 per month, with free installation. Cox also offers a "Premier Plan" for \$34.99 per  
13 month which includes unlimited local and long distance calling, the features listed above,  
14 plus Voice Mail, Call Forwarding, Call Forwarding-Busy, Call Forward-No Answer, Call  
15 Return, Priority Ringing, Three Way Calling, Selective Call Acceptance, Selective Call  
16 Forward and Selective Call Rejection, along with free installation.<sup>29</sup>

17

18       **Q. ARE THESE OFFERINGS COMPARABLE TO THE SERVICES OFFERED BY  
19 CENTURYLINK IN ARIZONA?**

20       A. Yes. CenturyLink offers stand-alone residential local exchange service, with unlimited  
21 local calling with no calling features for \$13.18, with added charges for a la carte  
22 features.<sup>30</sup> Like Cox, CenturyLink offers packages that include features and long distance

---

<sup>28</sup> Cox Digital Telephone Fact Sheet, See: <http://cox.media.com/index.php?s=65>

<sup>29</sup> See: <http://www2.cox.com/residential/arizona/phone/phone-plans.cox>, visited 1-17-12.

<sup>30</sup> For example, the a la carte charge is \$9.00 for Caller ID Name and Number and \$4.80 for Call Waiting (Price Cap Tariff No. 2, Section 5.4.3).

1 calling. The CenturyLink Home Phone package, priced at \$35 per month, includes local  
2 service with unlimited calling plus eleven features. The customer may specify features or  
3 order the recommended package that includes Caller ID, Call Waiting ID, Voice Mail,  
4 Three Way Calling, Last Call Return, Call Rejection, Call Forwarding, Easy Access, No  
5 Solicitation, Call Following (Remote Access Call Forwarding), and Selective Call  
6 Forwarding.<sup>31</sup> The CenturyLink Home Phone Unlimited plan offers unlimited local and  
7 long distance calling plus the eleven features for \$45 per month.

8

9 **Q. DOES COX HAVE "THE ABILITY . . . TO MAKE FUNCTIONALLY  
10 EQUIVALENT OR SUBSTITUTE SERVICES READILY AVAILABLE AT  
11 COMPETITIVE RATES, TERMS, AND CONDITIONS" AS DEFINED BY RULE  
12 1108(E)?**

13 A. Absolutely. Cox offers services that are functionally equivalent and directly substitutable  
14 with CenturyLink services. Both carriers offer basic local calling, and packages that  
15 include features and/or unlimited long distance. These offerings are viewed as functionally  
16 equivalent substitutes by consumers, and are priced at levels that are designed to compete  
17 with each other.

18

19 **Q. DO COX AND CENTURYLINK BOTH OFFER BUNDLES OF SERVICES AT  
20 DISCOUNTED RATES?**

21 A. Yes. Both Cox and CenturyLink offer discounts for customers that bundle telephone  
22 service with high speed internet and video services. Cox offers bundles of phone, internet  
23 and video service for as low as \$75 per month for the first six months and \$100.96

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<sup>31</sup> Price Cap tariff No. 2, Section 5.9.1, or see:  
[https://shop.centurylink.com/MasterWebPortal/priceRange/shop/ShopNC\\_viewNCBundlesPage?Phone=true](https://shop.centurylink.com/MasterWebPortal/priceRange/shop/ShopNC_viewNCBundlesPage?Phone=true)

1 thereafter.<sup>32</sup> CenturyLink offers bundles of phone, internet and video (DirecTV) for as low  
2 as \$94.94 per month. Both companies offer additional bundles with added functions (e.g.,  
3 faster internet speeds, more video channels) at higher prices. Cox and CenturyLink market  
4 bundles to attract and retain customers, and such offerings are the hallmark of a  
5 competitive market.

6

7 **Q. DOES COX COMPETE WITH CENTURYLINK IN THE BUSINESS MARKET IN**  
8 **ARIZONA?**

9 A. Yes. While in its early years Cox primarily provided phone service to residential  
10 customers, it has increasingly focused on expanding its reach to the businesses market. In  
11 fact, Cox has established a separate marketing division, Cox Business Services, focused  
12 specifically on the small, medium and Enterprise business market segments. In December  
13 2010, it announced that "Cox Business, the company division that provides voice, data and  
14 video services for business customers, will surpass \$1 billion in annual revenue by the end  
15 of this week."<sup>33</sup> Cox Business provides voice, data and video services for "more than  
16 260,000 small and regional businesses, including healthcare providers, K-12 and higher  
17 education, financial institutions and federal, state and local government organizations" and  
18 claims that it "is currently the seventh largest voice service provider in the U.S. and  
19 supports more than 800,000 business phone lines."<sup>34</sup>

20

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<sup>32</sup> [https://secure.cox.com/service/Stores/OrderNow.aspx?l=y&co=sa-all\\_addressform&campcode=sa-all\\_addressform&address=&apt=&zip=85016](https://secure.cox.com/service/Stores/OrderNow.aspx?l=y&co=sa-all_addressform&campcode=sa-all_addressform&address=&apt=&zip=85016)

<sup>33</sup> Cox Press Release, 12-10-10. See: <http://cox.indianapolis.com/index.php?i=43&item=519>

<sup>34</sup> Cox Press Release, 12-09-10. See: <http://cox.indianapolis.com/index.php?i=43&item=519>

1   **Q. HAS COX GAINED A SIGNIFICANT SHARE OF THE BUSINESS MARKET IN**  
2   **ARIZONA?**

3   A. Yes. According to the *Centrix* data, when considering just wireline services, Cox has  
4   realized an [begin confidential] [end confidential] share of the small business market  
5   and an [begin confidential] [end confidential] share of the mid-size business market  
6   in Arizona. Cox is also actively markets services in the Enterprise (large business) market,  
7   although CenturyLink does not have data available to define Cox's share of this market.

8

9   **Q. WHAT TYPES OF SERVICES DOES COX OFFER TO BUSINESS CUSTOMERS?**

10   A. Cox is offering voice telephone service, digital trunks, Centrex service, long distance and  
11   "toll free" services, private line service (DS1, DS3 and OC3 to OC192), transparent LAN  
12   service, virtual private network service, metro and optical ethernet and business video  
13   service in Arizona.<sup>35</sup> The "Cox Business" website describes the many options available to  
14   business customers of all sizes. Cox focuses on the real estate, government and education  
15   sectors, as well as other businesses.

16

17   To illustrate Cox's presence in the Phoenix MSA business market, the Cox website  
18   contains a number of "case studies" that describe business customers that purchase Cox  
19   services in Phoenix, as well as in other parts of its United States serving area. For example,  
20   Cox inked a contract with Shev Properties, a major real estate firm in the Phoenix area.  
21   The following description appears on the Cox Website:

22

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<sup>35</sup> See: <http://www2.cox.com/business/arizona/home.cox>, visited 6-17-11.

1                           **Shea Properties**

2                           Scottsdale, Arizona

3                           History: "Partnering with Cox Business has increased the value of our projects  
4                           because it's provided a service the buyers and tenants want, which is essential for  
5                           their businesses." *Jim Riggs - President, Shea Commercial Properties*

6                           Services Provided: PRI Digital T-1, Full T-1 to Internet, Flat Business Telephone  
7                           Line, Cox Business Internet<sup>35</sup>

8                           Located in Scottsdale, Arizona, Shea Commercial Properties is the largest office,  
9                           condominium developer and brokerage firm in the greater metropolitan Phoenix area,  
10                          with properties in Arizona and Nevada. Standing out in a crowded market is  
11                          important to developers, and Shea wanted to provide tenants with offices that were  
12                          fully equipped with a variety of Voice, TV and Data services. Shea needed a reliable,  
13                          responsible carrier to provide that support.

14                          Solutions: Cox Business' broadband telecommunications platform provided the high-  
15                          quality, scalable services Shea's tenants required without high upfront costs or long  
16                          installation delays. So the companies partnered together to design, build and market  
17                          the communications infrastructure for a new Shea development, a 16-building  
18                          complex called Sundown Ranch.

19                          Cox Business acquired the necessary easements and approvals to pull broadband  
20                          wiring onto the property, while advising Shea on how best to wire each building.  
21                          Shea incorporated sufficient space for Cox Business' interior and exterior equipment  
22                          into the site plan. Cox Business then worked with the new tenants from the beginning  
23                          to develop specific programs that fit their respective needs. That was a tremendous  
24                          selling point for Shea and a great benefit to the tenants.<sup>36</sup>

25                          Cox has also signed a contract to provide "state-of-the art" facilities to the Phoenix school  
26                          district:

---

<sup>35</sup> See: <http://www2.cox.com/business/arizona/industries/real-estate/cv-rent-sheaproPERTIES.cox>

1                   **Phoenix Elementary School District**

2                   Phoenix, Arizona

3  
4                   **History:** Cox Communications<sup>37</sup> brings state-of-the-art connectivity to the Phoenix  
5                   Elementary School District.

6  
7                   At the simple click of a mouse or tap of a computer key, students in the Phoenix  
8                   Elementary School District have the world at their fingertips at the highest possible  
9                   Internet speed available thanks to a new partnership with Cox Business. Cox Business  
10                  just inked a deal with the Phoenix Elementary School District to provide the district's  
11                  connectivity, meaning high speed Internet beginning in July.

12  
13                  Solutions: "This partnership so greatly increases connectivity and bandwidth size that  
14                  when teachers use the Internet as an instructional tool, the speed will increase by 100  
15                  percent and in some cases even faster. It's a phenomenal tool for the students to use in  
16                  the classrooms," says Tom Lind, the director of instructional technology for the  
17                  district.

18  
19                  There are 15 schools in the Phoenix Elementary School District and a number of  
20                  administrative offices and sites, which Cox Business will link together. The schools  
21                  will communicate back and forth on a private network that links them together, and  
22                  will allow information to go out to all of the district's schools simultaneously from a  
23                  central location.

24  
25                  "Cox is very pleased to be providing high speed Internet services and state-of-the-art  
26                  technology to the students and teachers of Arizona. This is a win-win partnership for  
27                  everyone, especially and most importantly the students," says Mike Petty, vice  
28                  president for Cox Business.

29  
30                  Results: There are approximately 7,900 students in the Phoenix Elementary School  
31                  District and 500 teachers. It's the oldest school district in Phoenix, which will now be  
32                  outfitted with the newest and best possible technology. Just last week, J.D. Power and  
33                  Associates' released its 2006 Major Provider Business Telecommunications Data  
34                  Services StudySM. It ranked Cox Business the "Highest in Business Satisfaction  
35                  With Small/Midsize Data Service Providers" in the nation.<sup>37</sup>

36  
37                  This provides just a sampling of Cox's presence in the Arizona business and government  
38                  market. Of course CenturyLink's marketing department is well aware of the competitive

<sup>37</sup> See: <http://www2.cox.com/business/arizona/industry/education/ce-edu-phoenixelementary.cox>

1 pressures applied by Cox in the Phoenix MSA, as CenturyLink is competing every day  
2 with Cox. In fact, CenturyLink has lost numerous competitive bids to Cox in the Phoenix  
3 MSA, especially in the government and education sector.

4

5 **Q. DOES COX POST PRICES FOR ITS BUSINESS SERVICES ON ITS WEB SITE?**

6 A. Cox does post prices for some basic business voice plans on its web site, but in many cases,  
7 Cox, like CenturyLink, provides services to businesses on a contract basis. Therefore,  
8 unlike in the consumer market, it is difficult to directly compare prices on a public basis.

9

10 **Q. WHAT OTHER CABLE COMPANIES COMPETE WITH CENTURYLINK IN**  
11 **THE ARIZONA VOICE MARKET?**

12 A. As described above, CenturyLink competes with Cable One, Suddenlink, Comcast and  
13 Time Warner in Arizona. Confidential Exhibit RTTB-3 shows the wire centers where these  
14 providers compete with CenturyLink. In the areas each company serves, they offer voice  
15 services (along with cable and high speed internet) to residence and business customers.  
16 Like Cox, they offer packages and bundles that directly compete with CenturyLink's  
17 offerings. For example, in Flagstaff, Suddenlink offers voice service bundled with high  
18 speed internet service for \$75.00 per month and voice service bundled with video for  
19 \$80.00 per month (for the first twelve months).<sup>38</sup> In Yuma, Time Warner offers voice  
20 services for \$29.99 per month for unlimited local calling and features, \$39.99 per month for  
21 unlimited in-state calling and features, and \$49.99 per month for unlimited nationwide  
22 calling and features. Voice service is only available if the customer also has internet or  
23 video service.<sup>39</sup>

---

<sup>38</sup> See: <http://www.suddenlink.com/telephone>, visited 1-17-12.

<sup>39</sup> See: <http://www.timewarnercable.com/Yuma-101Central/support/ratespricing.html>, visited 1-17-12.

1

2     **Q. WHAT DO YOU CONCLUDE REGARDING CABLE TELEPHONY**  
3     **COMPETITION IN ARIZONA?**

4     A. It is clear that the economic conditions in the telephone market in Arizona have been  
5     greatly impacted by the cable industry's push into the voice market. With voice, cable TV  
6     and high speed internet, cable companies can offer a full bundle of services using their own  
7     facilities. As demonstrated above, cable providers—especially Cox—have gained a  
8     significant and growing share of the voice market by offering "functionally equivalent or  
9     substitute services readily available at competitive rates, terms and conditions."

10

11                              b. Other Competitive Local Exchange Providers ("CLECs")

12

13     **Q. WHAT OTHER WIRELINE PROVIDERS COMPETE WITH CENTURYLINK IN**  
14     **THE ARIZONA VOICE MARKET?**

15     A. According the data on the Commission's web site, there are almost 70 CLECs certificated  
16     to provide competitive telecommunications services in Arizona<sup>40</sup> and almost 60 Resale  
17     Local Exchange Carriers ("RLECs") certificated to provide resold CenturyLink services in  
18     Arizona.<sup>41</sup> While not all certificated providers currently offer voice services in Arizona, in  
19     addition to Cox and other cable providers, CenturyLink believes there are at least 40  
20     unaffiliated CLECs<sup>42</sup> actively competing with CenturyLink for customers in Arizona,  
21     including AT&T, Verizon, Integra, PACTEC, XO Communications, Level 3, Iw telecom,

<sup>40</sup> See: [http://www.azcc.gov/Divisions/Utilities/utility\\_list/clec\\_list.pdf](http://www.azcc.gov/Divisions/Utilities/utility_list/clec_list.pdf)

<sup>41</sup> See: [http://www.azcc.gov/Divisions/Utilities/utility\\_list/rlec\\_list.pdf](http://www.azcc.gov/Divisions/Utilities/utility_list/rlec_list.pdf)

<sup>42</sup> This number counts a CLEC with multiple subsidiaries only once. For example, Mountain Telecommunications, Iliumic Lightwave and Eschelon are all subsidiaries of Integra, and are counted as only one provider.

1 Granite, 360 Networks and many smaller CLECs. Most of these CLECs are primarily  
2 focused on serving business customers. In many cases these carriers provide service using  
3 their own facilities and in other cases they provide service via the leasing of CenturyLink  
4 facilities (e.g., resale, CenturyLink Local Services Platform ("CLSP") or Unbundled Loops  
5 (UNE-L). CLECs are serving business and governmental customers of virtually all sizes.  
6 Confidential Exhibit RHB-4 provides data obtained by CenturyLink from Pitney-Bowes,  
7 which shows the CLECs that are operating in each CenturyLink Arizona wire center.<sup>43</sup>  
8 The data show that CLECs are competing in each of the 132 wire centers in the  
9 CenturyLink Arizona serving area, and in most cases, there are multiple CLECs providing  
10 service in each wire center.

11

12 I will now briefly describe a few of the many CLECs that compete with CenturyLink in  
13 Arizona.

14

15 **Q. PLEASE DESCRIBE HOW INTEGRA COMPETES WITH CENTURYLINK.**

16 A. Integra—who acquired Eschelon, Mountain Telecommunications and Electric  
17 Lightwave—is now a major player in the Arizona business market. While Integra is  
18 focused on the Phoenix and Tucson markets, it has a presence in the vast majority of  
19 CenturyLink's wire centers in Arizona. Integra is a facilities-based CLEC providing a  
20 range of services to small, medium and enterprise business customers, including voice  
21 services (basic business voice lines, long distance services, ISDN PRI, SIP Solutions), high  
22 speed internet access, dynamic T-1 burelles, Ethernet services, MPLS VPN, Private Line,

---

<sup>43</sup> Please note that some cable providers are included in the Pitney-Bowes data.

1       Server Collocation, Managed PBX Services and Private Line services.<sup>44</sup> According to  
2       Integra:

3                     Integra Telecom Inc. connects business by providing enterprise-grade  
4       networking, communications and cloud solutions to business and carrier  
5       customers in 11 Western states, including: Arizona, California, Colorado,  
6       Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and  
7       Washington. The company owns and operates a nationally acclaimed, best-in-  
8       class fiber-optic network consisting of a 5,000-mile high-speed long-haul fiber  
9       network and a 3,000-mile metropolitan access network including  
10      approximately 1,900 fiber-fed buildings.<sup>45</sup>

11  
12       Regarding the Arizona market, Integra has stated:

13                     Integra Telecom has served the Phoenix business community since 2006 when it  
14       acquired the customers and network assets of Electric Lightwave. Integra furthered its  
15       presence in the Arizona market in 2007 upon acquiring Echelon Telecom. Integra  
16       Telecom of Arizona now employs more than 200 telecom professionals in its Phoenix  
17       office who deliver the company's unique brand of local customer service. The  
18       competitive telecom provider offers businesses a full range of business-class  
19       telecommunications products ranging from business phone lines to broadband  
20       Internet and private network solutions in more than twenty communities within the  
21       greater Phoenix metropolitan area.

22  
23       Integra Telecom is one the largest competitive telecom providers in the nation,  
24       serving more than 130,000 businesses in 11 primarily Western states.

25                     Integra Telecom Inc. . . . has expanded its best-in-class fiber-optic network to four  
26       new Central Arizona communities, including Paradise Valley, areas of northern  
27       Phoenix, Scottsdale and Chandler. Integra's latest expansion, combined with its  
28       recent Broadband Internet launch, increases the company's reach to include nearly  
29       30,000 new businesses and represents a \$5 million investment in the company's  
30       Arizona telecom infrastructure.<sup>46</sup>

<sup>44</sup> See: <http://www.integratelecom.com/products>; visited 1-23-12.

<sup>45</sup> Integra Press release, January 19, 2012. See:  
[http://www.integratelecom.com/about/news/press\\_release\\_articles/2012/1/20/Integra\\_NationalwideVoice.pdf](http://www.integratelecom.com/about/news/press_release_articles/2012/1/20/Integra_NationalwideVoice.pdf); visited 1-23-12.

<sup>46</sup> Integra Press Release, August 24, 2009, see:  
[http://www.integratelecom.com/about/news/press\\_release\\_articles/Summer%202009\\_Arizona%20Expansion\\_FINAL.pdf](http://www.integratelecom.com/about/news/press_release_articles/Summer%202009_Arizona%20Expansion_FINAL.pdf); visited 1-24-12.

1       Integra has been expanding its reach in Phoenix and elsewhere, in order to serve small,  
2       medium and large business customers:

3                  In the first half of the year (2011), Integra has extended its fiber network to nearly  
4       300 additional commercial buildings – marking a 20 percent increase in on-net  
5       buildings since the beginning of the year. The push to expand its network and  
6       increase the number of fiber-fed buildings is part of Integra's approach to support the  
7       needs of enterprise-level customers that demand sophisticated, high-capacity, fiber-  
8       based solutions. "Integra has grown by providing service to thousands of **small-to-**  
9       **medium sized business customers**," said Steve Zimba, chief marketing officer of  
10      Integra Telecom. "Now we are aggressively augmenting our world-class fiber  
11      network in order to serve demanding, high bandwidth customers such as data centers,  
12      regional headquarters and multi-tenant business parks." This expansion is part of  
13      Integra's \$52 million year-long plan to leverage its fiber network to provide  
14      wholesale, enterprise and carrier-class high bandwidth products and services.<sup>47</sup>

16                  **Q. HOW DOES TW TELECOM COMPETE WITH CENTURYLINK IN ARIZONA?**

17       A. tw telecom (which changed its name from Time Warner Telecom on July 1, 2008) is a  
18       facilities-based CLEC operating in 75 markets encompassing 30 states, including the  
19       Phoenix and Tucson areas.<sup>48</sup> tw telecom provides services to all sizes of business, but is  
20       increasing focused on the Enterprise market. It provides voice services, Ethernet services,  
21       IP and managed services, security services and transport and wavelength services.<sup>49</sup> tw  
22       telecom describes itself as follows:

23                  For nearly 20 years, tw telecom has delivered managed data, Internet and voice  
24       networking solutions to businesses and large organizations throughout the U.S. As  
25       one of the three largest providers of Business Ethernet in the nation, we connect more  
26       commercial buildings to our national fiber network than anyone else. We provide  
27       managed network services specializing in Business Ethernet, IP VPN, converged,

28  
29  
<sup>47</sup> Integra Press release, July 25, 2011. See:  
[http://www.integratelecom.com/about/news/press\\_release\\_articles/Fiber%20Expansion%20press%20release\\_FINAL%207.21.11.pdf](http://www.integratelecom.com/about/news/press_release_articles/Fiber%20Expansion%20press%20release_FINAL%207.21.11.pdf), visited 1-23-12.

<sup>48</sup> See: <http://www.twtelecom.com/why-tw/>, visited 1-23-12.

<sup>49</sup> See: <http://www.twtelecom.com/telecom-solutions/voice-solutions/>, visited 1-23-12.

1           Internet access, transport data networking, voice, VoIP, and security to enterprises,  
2 large organizations and communications services companies alike.<sup>50</sup>

3  
4           In its 2010 annual report, tw telecom reported that it "delivered strong comprehensive  
5 results for the year, as we sequentially grew revenue for the 25<sup>th</sup> consecutive quarter,  
6 substantially increased net income, generated ongoing cash flow and . . . expanded our  
7 already strong annual Modified EBITDA margin to 36.4%, and at the same time absorbed  
8 costs for future growth initiatives."<sup>51</sup>

9  
10          **Q. HOW DOES XO COMMUNICATIONS COMPETE WITH CENTERYLINK IN  
11 ARIZONA?**

12         A. XO Communications is an active participant in the Phoenix and Tucson  
13 telecommunications markets, serving customers in the small business, medium business  
14 and Enterprise markets. XO Communications operates a "nationwide multi-tenant network  
15 that delivers industry-leading IP and network solutions at the fastest speeds available  
16 today." Its network includes "nationwide IP and transport networks, metro networks,  
17 broadband wireless access and connectivity to global service locations for door-to-door  
18 delivery of customer traffic nationwide and around the world."<sup>52</sup> XO offers a full slate of  
19 business communications services, including VoIP and SIP trunking, traditional local and  
20 long distance voice, cloud communications, managed PBX and conferencing. XO also  
21 offers network services including high speed internet access, MPLS IP-VPN, Ethernet  
22 VPLS, Ethernet Access services, collocation and fixed wireless. XO also offers Security  
23 Services and Hosted IT Services.<sup>52</sup>

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<sup>50</sup> See: <http://www.twtelecom.com/about-us/>, visited 1-23-12.

<sup>51</sup> See: <http://www.xo.com/about/Pages/Overview.aspx>, visited 1-23-12.

<sup>52</sup> See: <http://www.xo.com/services/Pages/Overview.aspx>, visited 1-23-12.

XO states that it has approximately one million miles of metro fiber, a 19,000-route mile nationwide inter-city fiber network, nearly 1,000 central office collocations, more than 3,300 fiber-fed buildings on-net, more than 50 collocation facilities nationwide, a fully peered Tier 1 IP network with more than 100 private and public peering relationships, 28-31 Ghz broadband wireless spectrum in 75 markets and more than 28 billion VoIP minutes per year.<sup>63</sup>

XO has been expanding its network in the Phoenix area. In November 2010 it made the following announcement:

XO Communications (OTCBB: XOHQ) today announced an expansion of its metro network coverage across Phoenix. The initiative demonstrates XO Communications' strategy to expand its presence in existing XO® markets in order to serve more enterprise customers with its award-winning IP-based communications and managed network solutions and exceptional customer experience.

By expanding the reach of its 19,000-mile nationwide network and establishing additional points of presence across the Phoenix metropolitan area, XO Communications is now able to serve thousands of new businesses and offer them a more competitive alternative for their local and nationwide communications and networking needs. The expansion increases XO Communications' reach across the eastern metropolitan area of Phoenix in Chandler, Gilbert and Mesa, adds more than 130 route miles to the XO network, and provides direct access to 200 additional buildings. In addition, XO Communications has also deployed Ethernet over copper technology more broadly across its network in Phoenix in order to offer more businesses scalable, high-speed Ethernet access over last mile copper.<sup>54</sup>

<sup>55</sup> See: <http://www.xo.com/about/Pages/overview.aspx>, visited 1-23-12.

<sup>54</sup> XO Press Release, November 9, 2010. See: <http://www.xo.com/about/news/Pages/501.aspx>, visited 1-23-12.

1   **Q. HOW DOES AT&T COMPETE WITH CENTURYLINK IN ARIZONA?**

2   A. AT&T is not an incumbent local exchange carrier in Arizona, but it operates as a CLEC  
3   and IXC, with a primary focus on serving business customers. AT&T, the largest telecom  
4   company in the U.S., offers a wide range of telecommunications services to small, medium  
5   and enterprise business customers, as well as governmental customers in Arizona. AT&T  
6   has substantial fiber network facilities in Arizona, and provides services using both its own  
7   facilities and via the purchase of wholesale services from CenturyLink.

8

9   AT&T also offers local voice service to consumers in some areas. For example, in  
10 Phoenix, AT&T offers its "One Rate USA" plan that includes unlimited local and domestic  
11 long distance calling from home, and a choice of 4 calling features for \$55.95 per month.  
12 AT&T also offers a plan with unlimited local calling and a choice of two features for  
13 \$31.95 per month, with long distance options available based on calling needs.<sup>55</sup> Of course  
14 AT&T also offers wireless services in Arizona, as described below.

15

16   **Q. PLEASE DESCRIBE HOW VERIZON COMPETES WITH QWEST IN ARIZONA.**

17   A. Like AT&T, Verizon is not an incumbent local exchange carriers in Arizona, but it  
18   operates as a CLEC and IXC, with a primary focus on serving business customers. Verizon  
19   is the largest telecom company in the U.S. and offers a wide range of telecommunications  
20   services to small, medium and enterprise business customers, as well as governmental  
21   customers in Arizona. Verizon, who purchased MCI several years ago, also has a  
22   substantial fiber network in Arizona, and provides services using both its own facilities and  
23   via the purchase of wholesale services from CenturyLink.

---

<sup>55</sup> See: <http://www.local.att.com/channel/preorderofferreview.jsp?ChannelSession=yhNyPfFG82I2077135790>, visited 1-24-12.

1  
2      Verizon does offer local voice services to the consumer market through its MCI subsidiary,  
3      which offers the MCI "Neighborhood" residential local service packages. The three MCI  
4      Neighborhood packages available to residential customers in Arizona are priced based on  
5      the geographic location and the number of long distance minutes included in the plan. All  
6      three packages include Call Waiting, Caller ID, Voicemail and Online Message Center. In  
7      Phoenix, the lowest priced package includes 200 minutes of long distance for \$47.99 per  
8      month and the highest priced package includes unlimited long distance for \$59.99 per  
9      month.<sup>66</sup>

10  
11      **Q. WHAT DO YOU CONCLUDE REGARDING COMPETITION FROM CLECS?**

12      A. As described above, and has depicted in Confidential Exhibit RHB-4, there are numerous  
13      CLECs competing with CenturyLink in Arizona (Rule 1108.B.2), and CLEC services may  
14      be purchased in any of CenturyLink's Arizona wire centers. CLECs are able to "make  
15      functionally equivalent or substitute services readily available at competitive rates, terms  
16      and conditions" for business and consumer customers (Rule 1108.B.5). CLECs can easily  
17      enter and exit the market, and can offer services by purchasing UNEs or resold services  
18      from CenturyLink, or by building their own facilities (Rule 1108.B.6). They may also  
19      enter the market by purchasing wholesale facilities from other CLECs, or by purchasing  
20      facilities from fiber providers such as SRP Telecom and Zayo Group that operate in  
21      Arizona.

22  

---

<sup>66</sup> See [http://goesmarter.mci.com/TheNeighborhood/res\\_local\\_service/jspx/join\\_plan.jsp?subpartner=CENTRAL](http://goesmarter.mci.com/TheNeighborhood/res_local_service/jspx/join_plan.jsp?subpartner=CENTRAL).

1                   **3. Wireless Competition**

2

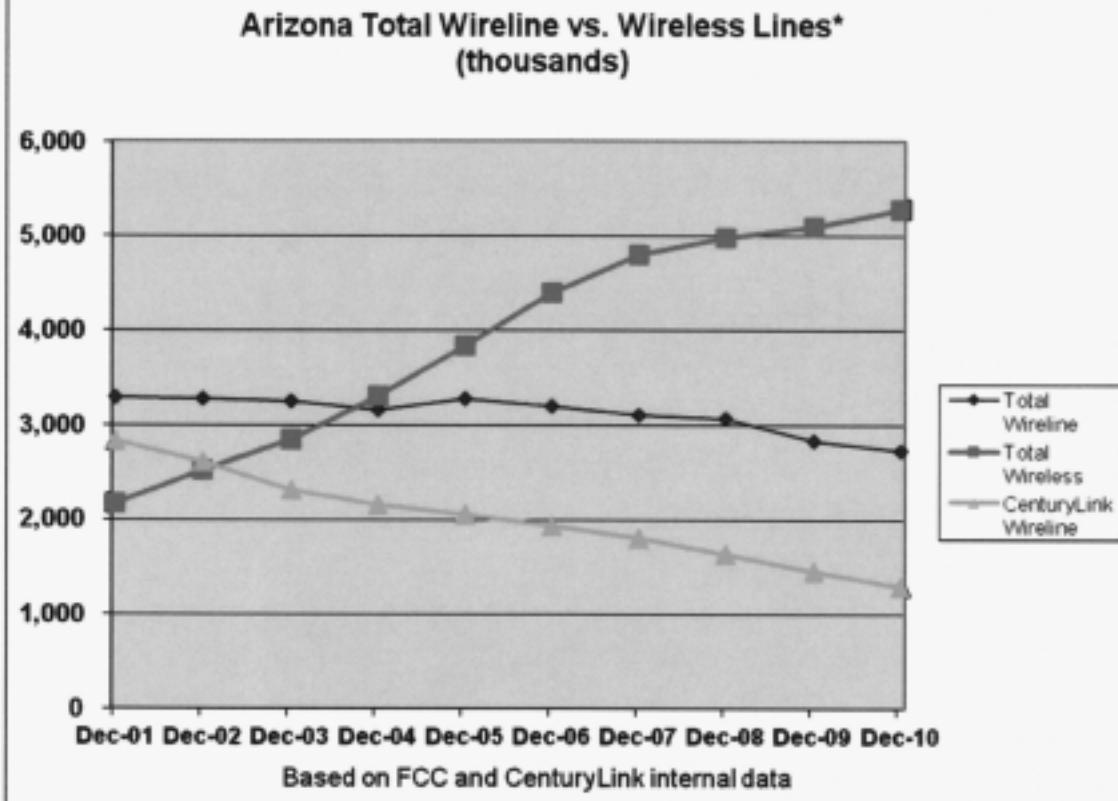
3   **Q. IS COMPETITION FROM WIRELESS PROVIDERS FLOURISHING IN**  
4   **ARIZONA?**

5   A. Yes. According to the FCC's Local Competition Report, as of December 2010 there were  
6   5.285 million wireless subscribers in Arizona, while there were only 2.730 million  
7   wirelines (both ILEC and non-ILEC).<sup>57</sup> In fact, wireless lines have increased 143% in  
8   Arizona from only 2.171 million in June 2001.<sup>58</sup> The FCC data shows that the wireless  
9   share of the total access line market has grown significantly over this timeframe, as  
10   described earlier in my testimony. While wireless subscribers have increased dramatically  
11   CenturyLink access lines (residence and business) in Arizona dropped 52% over the same  
12   time frame—from 2.832 million in December 2001 to 1.295 million in December 2010.  
13   The following graph shows the relationship of wireless connections, total wirelines and  
14   CenturyLink access lines in Arizona:

---

<sup>57</sup> *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011; tables 8 & 17.

<sup>58</sup> *Id.*, table 14.



1  
2  
3 Most Arizona consumers, except those in extremely remote areas, have wireless options.  
4 Exhibit RHB-5 provides a map showing the areas served by CenturyLink, along with the  
5 areas with known wireless coverage in Arizona. It may be observed that there are very few  
6 areas within CenturyLink wire centers boundaries where there is no wireless coverage, and  
7 this occurs only in the most sparsely populated areas. For example, in the Grand Canyon  
8 exchange that is located in north central Arizona, we have not identified any wireless  
9 coverage, but the bulk of the wire center is located in a very sparsely populated National  
10 Park. In addition, we show no wireless coverage in the Gila Bend wire center in southwest  
11 central Arizona, but this wire center is very sparsely populated, with less than one housing  
12 unit per square mile. Similarly, we show no wireless coverage in the Kearny, Hayden and  
13 Dudleyville wire centers that are east of Phoenix and north of Tucson, but these wire

1 centers also have less than one housing unit per square mile. Small portions of the  
2 Winslow, Tubac, Wilcox, Maricopa, Benson, Wickenberg and Superior wire centers also  
3 show no wireless coverage, but the areas not served are also areas with less than one  
4 household per square mile. Thus, very few Arizonans actually live in the areas without  
5 wireless service.

6

7 In fact, the vast majority of CenturyLink customers have multiple wireless options. Exhibit  
8 RHB-6 contains a map prepared by the FCC showing the number of wireless providers  
9 throughout Arizona. It is readily apparent that there are four or more wireless carriers in  
10 most of the areas served by CenturyLink, and in the majority of other areas there are at  
11 least three carriers. Mobile services are provided by AT&T, Verizon, T-Mobile, Sprint,  
12 Cricket and other providers.

13

14 **Q. DOES CENTURYLINK PROVIDE WIRELESS SERVICE IN ARIZONA?**

15 A. No. In the past, legacy Qwest provided Qwest-branded wireless service in Arizona through  
16 a resale agreement with Sprint, utilizing the Sprint network. This agreement expired in  
17 2009 and thereafter legacy Qwest signed an agreement with Verizon to offer Verizon  
18 Wireless service to Qwest customers, and bill the service on the customer's Qwest bill.  
19 This arrangement remains in place today with the post-merger CenturyLink entity. The  
20 service is branded as Verizon Wireless, and is designed to provide CenturyLink wireline  
21 customers with a wireless option as part of a CenturyLink service bundle.<sup>59</sup> When a  
22 customer disconnects his or her CenturyLink service and becomes a wireless-only  
23 customer, CenturyLink will lose the customer, even if he or she subscribes to Verizon  
24 Wireless.

---

<sup>59</sup> This arrangement is similar to the agreement CenturyLink has in place to offer DirecTV service as part of a bundle of services.

1  
2   **Q. PLEASE DESCRIBE THE WIRELESS CARRIERS CURRENTLY OPERATING**  
3   **IN THE STATE OF ARIZONA.**

4   A. The large national wireless companies, including AT&T, Verizon, Sprint, T-Mobile and  
5   Cricket each have a large presence in Arizona. Exhibit RHB-7 provides maps for each of  
6   these carriers that show the wireless coverage area overlaid on the CenturyLink serving  
7   territory in the state. It may be observed that AT&T, Verizon, T-Mobile and Sprint provide  
8   services across the vast majority of CenturyLink's serving area, and therefore nearly all  
9   customers can choose from multiple wireless providers. Cricket also serves much of  
10   CenturyLink's serving area, but its reach is smaller. There are also smaller regional  
11   wireless carriers providing service in Arizona, primarily in more rural areas. For example,  
12   Cellular One offers service in much of northeastern Arizona and Mohave Wireless offers  
13   service in northwestern Arizona.

14  
15   **Q. PLEASE DESCRIBE THE TYPES OF VOICE PRICING PLANS AVAILABLE**  
16   **FROM THE MAJOR WIRELESS CARRIERS IN ARIZONA.**

17   A. Wireless carriers today offer a number of voice plans that are competitive with  
18   CenturyLink local exchange service, and these plans start at about \$30 per month,  
19   including several features. For example:

- 20  
21         • T-Mobile offers its "500 minute Value-talk" voice plan for \$34.99 in Arizona,  
22         which includes 500 "whenever" minutes and unlimited weekend minutes with no  
23         long distance or roaming charges, and several calling features. Additional plans  
24         are available to add text and data, and additional voice minutes. For example, a  
25         text and talk plan with 500 voice minutes and no data is available for \$39.99 per

1 month, and an unlimited talk and text plan is available for \$49.99. Various  
2 amounts of data may be added for additional charges; the "Unlimited Value –  
3 Ultra" plan includes unlimited voice and data plus 10 GB of high speed data for  
4 \$104.99.<sup>60</sup> Family plans and pay-as-you-go voice plans are also available.<sup>61</sup>

- 5 • Sprint offers a multitude of voice options, including its "Basic" wireless plan with  
6 200 "anytime" minutes, unlimited night and weekend calling and free nationwide  
7 long distance for \$29.99 per month. Sprint offers a plan with 450 "anytime"  
8 minutes for \$39.99 per month and an "unlimited" plan for \$99.99 per month, with  
9 no usage restrictions.<sup>62</sup> Sprint also offers family plans, and many text messaging  
10 and broadband data plans that utilize its 4G network.
- 11 • AT&T Wireless offers a basic plan with 450 "anytime" minutes for \$39.99 per  
12 month with 5,000 night and weekend minutes, no long distance charges, calling  
13 features, and no roaming charges. AT&T offers several other plans, including its  
14 900 minute plan for \$59.99 per month, an unlimited voice plan for \$69.99 per  
15 month, and a senior plan with 500 minutes for only \$29.99 per month. AT&T  
16 also offers many 4G data and text messaging options.<sup>63</sup>
- 17 • Verizon offers a basic "Nationwide talk" voice plan with 450 "any time" minutes,  
18 calling features and no domestic long distance charges for \$39.99 per month.<sup>64</sup>

<sup>60</sup> See: <http://www.t-mobile.com/shop/Packages/ValuePackages.aspx>, visited 1-18-12.

<sup>61</sup> See: [http://www.t-mobile.com/shop/plans/Cell-Phone-Plans-Overview.aspx?WT.z=11P+shop\\_plans\\_DL](http://www.t-mobile.com/shop/plans/Cell-Phone-Plans-Overview.aspx?WT.z=11P+shop_plans_DL), visited 1-18-12.

<sup>62</sup> See: [http://shop.sprint.com/mysprint/shop/plan/plan\\_view.jsp?INJNAV=ATC:HE:Plans](http://shop.sprint.com/mysprint/shop/plan/plan_view.jsp?INJNAV=ATC:HE:Plans), visited 1-18-12.

<sup>63</sup> See: <http://www.wireless.att.com/cell-phone-service/cell-phone-plans/individual-cell-phone-plans.jsp?requestid=70817>, visited 1-18-12.

<sup>64</sup> See: <http://www.verizonwireless.com/b2c/plans?page=single>, visited 1-18-12

1           Verizon also offers many other voice plans, including a 900 minute plan for  
2       \$59.99 per month and an unlimited plan for \$69.99 per month,<sup>65</sup> and several  
3       family plans. Verizon also offers "talk and text" plans and several high speed  
4       data plans utilizing its 4G LTE network.

5       These and a variety of other wireless plans provide an alternative to CenturyLink wireline  
6       service. Wireless carriers provide "functionally equivalent or substitute services readily  
7       available at competitive rates, terms and conditions," and there are a significant "number of  
8       alternative providers of the service," meeting the criteria of Rule 1108(B) in Arizona. As  
9       described below, many customers substitute wireless service for CenturyLink basic local  
10      exchange service.

11

12   **Q. HAVE A SIGNIFICANT NUMBER OF TELEPHONE CUSTOMERS "CUT THE  
13      CORD," RELYING SOLELY ON WIRELESS SERVICE TO MEET THEIR  
14      VOICE TELECOMMUNICATIONS NEEDS?**

15   A. Yes. The decline in CenturyLink landlines, coupled with the dramatic increase in wireless  
16      connections, demonstrates that Arizona customers increasingly view wireless phones as a  
17      substitute for wireline service, and that wireless phones are replacing wireline phones. In  
18      fact, a significant number of voice customers have already "cut the cord," relying solely on  
19      wireless service to meet their telecommunications needs, and this trend is accelerating.  
20      According to a survey conducted by the National Center for Health Statistics ("NCHS"), in  
21      the first 6 months of 2011, 31.6% of U.S. households did not have a traditional landline  
22      telephone, but did have at least one wireless telephone. The study states:  
23

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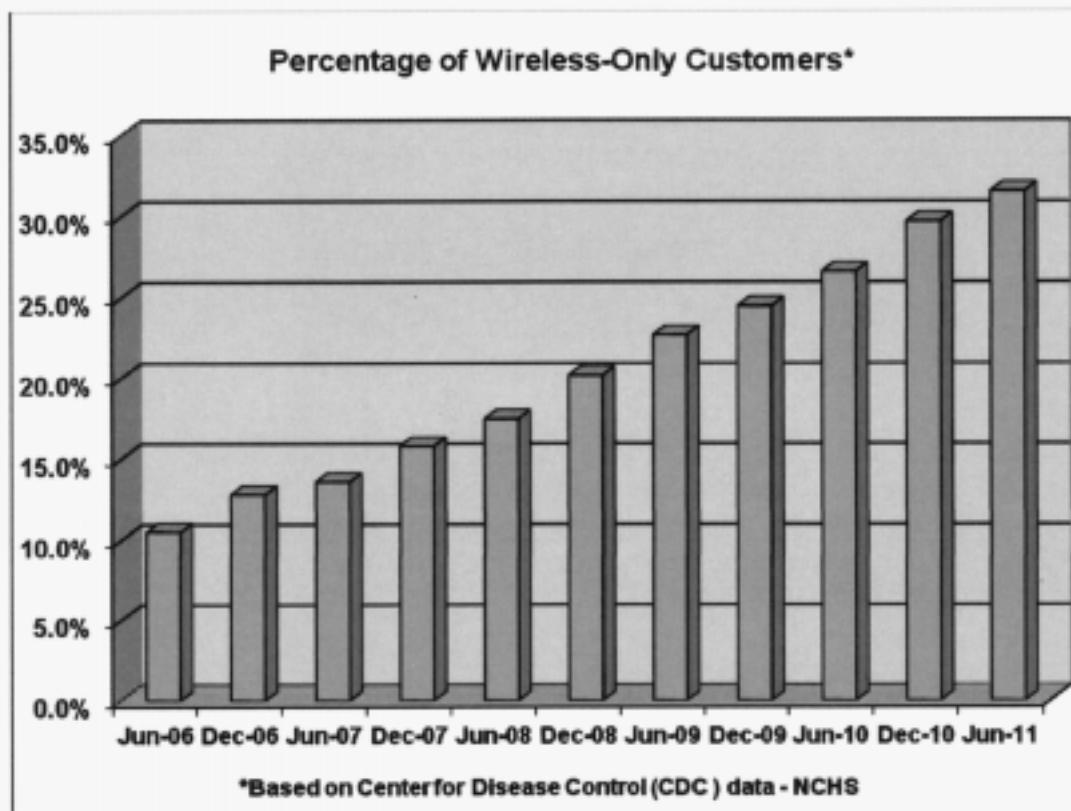
<sup>65</sup> *Id.*

1 More than 3 of every 10 American homes (31.6%) had only wireless telephones  
2 (also known as cellular telephones, cell phones, or mobile phones) during the  
3 first half of 2011 – an increase of 1.9 percentage points since the second half of  
4 2010. In addition, nearly one of every six American homes (16.4%) received all  
5 or almost all calls on wireless telephones despite also having a landline  
6 telephone.<sup>66</sup>

7 Thus, while 31.6% of households have already “cut the cord,” another 16.4 % of  
8 households are “wireless mostly” and use their wireless phone for nearly all calling. In  
9 total, these wireless only and “wireless mostly” households make up almost half (48%) of  
10 households. The chart below depicts how wireless-only households in the U.S. have  
11 increased, according to the NCHS study:

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<sup>66</sup> Centers for Disease Control and Prevention, National Center for Health Statistics, Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, January-June 2011, released December 21, 2011, page 1. In the NHIS study, any household that has removed an additional landline telephone line in favor of wireless service but still retains at least one landline telephone line in the household is not considered “wireless only.”



There is little doubt that this trend will continue in the future, especially given the large amount of "wireless mostly" households that exist today. These customers are particularly likely to "cut the cord" in the future.

**Q. IS THERE A GREATER INCIDENCE OF CORD-CUTTING IN ARIZONA THAN IN THE NATION AS A WHOLE?**

- A. Yes. On April 20, 2011, the NCHS released a detailed analysis of its Wireless Substitution report—with state-specific data—for the January 2007 through June 2010 timeframe. For the July 2009-June 2010 time period, the NCHS found that 29.4 of adult Arizona wireless households were "wireless only," a significantly higher percentage of cord-cutting than the

national average.<sup>67</sup> In fact, Arizona placed eleventh out of 50 states in the percentage of wireless only households.<sup>68</sup>

Q. **DOES THE ABILITY TO SUBSTITUTE WIRELESS SERVICE FOR WIRELINE SERVICE PLACE STRONG COMPETITIVE PRESSURE ON WIRELINE SERVICE PRICES?**

A. Yes. In areas where wireless alternatives exist—which includes nearly all of CenturyLink's Arizona service territory—it is viewed as a viable local service alternative by a large number of customers. This fact is made clear by the growing number of consumers who have already "cut the cord" as well as the "wireless mostly" customers who are considering "cutting the cord." The existence of wireless alternatives constrains CenturyLink's ability to raise prices for wireline basic exchange service above market levels because such an increase would likely cause many customers to replace their wireline service with a wireless phone, thereby potentially reducing CenturyLink's profitability. Thus, wireless is an effective price-constraining substitute for wireline service.

Q. **WHY WOULD "WIRELESS MOSTLY" HOUSEHOLDS BE PARTICULARLY LIKELY TO "CUT THE CORD" IN THE FUTURE?**

"Wireless mostly" households are particularly likely to "cut the cord" in the future because the customers already have a wireline phone and a wireless phone. Since such a customer is using his or her wireline phone less and less, he or she may start to question the value of

<sup>67</sup> Centers for Disease Control and Prevention, National Center for Health Statistics, Wireless Substitution: State-level Estimates From the National Health Interview Survey, January 2007–June 2010, released April 20, 2011, Table 3.

<sup>68</sup> *Id.*, Figure 2.

1 maintaining and paying for both a wireless and wireline phone, especially if wireline rates  
2 increase. Ultimately, a “wireless mostly” customer may decide to “cut the cord;” a  
3 scenario that is obviously occurring regularly as evidenced by the NCHS data. The  
4 behavior of these customers helps to constrain a wireline company like CenturyLink from  
5 raising rates above the appropriate market level.

6

7 **Q. FOR WIRELESS TO SERVE AS A PRICE-CONSTRAINING SUBSTITUTE FOR  
8 WIRELINE SERVICES, MUST ALL CUSTOMERS VIEW IT AS A SUBSTITUTE?**

9 A. No. In various regulatory forums, some parties have argued that wireless service should  
10 not be considered to be a substitute for wireline service because *all* customers may not  
11 view it as a substitute. There is no doubt that some customers do not view wireless service  
12 to be a substitute for wireline service, and some of these customers may not want to give up  
13 their wireline phone under any circumstances. However, as long as there are enough  
14 customers willing to “cut the cord” (often called customers “at the margin”), this constrains  
15 CenturyLink’s prices. While wireless does not represent a substitute for *all* wireline  
16 customers, it is a *functionally equivalent substitute* for many customers—a fact proven by  
17 the large number of households that have already “cut the cord” and have become wireless-  
18 only.

19

20 **Q. FOR WIRELESS TO SERVE AS A PRICE-CONSTRAINING SUBSTITUTE FOR  
21 WIRELINE SERVICES, DOES IT NEED TO BE IDENTICAL TO WIRELINE  
22 SERVICE?**

23 A. No. Some parties have also argued that wireless service should not be considered to be a  
24 functionally equivalent substitute for wireline voice service because it is not *identical* to  
25 wireline service. They argue that since it is not identical, it is not *functionally equivalent*.

1 and should not be considered as a competitive substitute. However, wireless service does  
2 not need to be *identical* to wireline service in order for it to be *functionally equivalent* or  
3 serve as an *effective substitute* for wireline services that constrains CenturyLink's retail  
4 wireline prices. There will always be some differences between wireline and wireless  
5 service in terms of quality of transmission, data capability, mobility, ergonomics, etc. For  
6 example, a wireless phone will always have more mobility than a wireline phone, and  
7 handsets are likely to be smaller. This does not mean that they are not substitutes for voice  
8 services. A simple non-telephone example may help to put this into perspective. One  
9 might argue that metropolitan bus service and subway service are not competitive  
10 substitutes for one another because they utilize different technologies, may charge different  
11 fares, run different routes to connect the same two points, take different amounts of time to  
12 connect the same two points and likely offer tangibly different levels of comfort and ease in  
13 the perception of some commuters. While the bus and subway are clearly not perfect  
14 substitutes for all commuters, there can be no doubt that bus use would increase if the  
15 subway authority significantly increased prices. Similarly, if the bus significantly raised  
16 fares, many would migrate to subway travel.

17  
18 The bottom line is that wireless does not have to be identical to wireline service, nor does it  
19 have to be a substitute for all customers, in order for it to constrain CenturyLink's pricing  
20 of local exchange service and to limit CenturyLink's *market power*. Wireless providers  
21 today are making "functionally equivalent or substitute services readily available at  
22 competitive rates, terms and conditions" meeting the Rule 1108.B.5 criterion, and  
23 CenturyLink's market power is limited, meeting the Rule 1108.B.6 criterion. Since there  
24 are a number of wireless providers offering voice service, the criterion of Rule 1108.B.2 is  
25 met, and in large part due to wireless services, CenturyLink's share of voice connections

1 has fallen to less than 20% (as described above), resulting in meeting the Rule 1108.B.2  
2 criterion.

3

4 **4. Voice over Internet Protocol (VoIP) Competition**

5

6 **Q. PLEASE DESCRIBE VOICE OVER INTERNET PROTOCOL ("VoIP")  
7 SERVICES.**

8 A. It is useful to describe VoIP services as either "managed" or "over-the-top." Generally,  
9 cable companies offer "managed" VoIP-based services that are non-portable and that carry  
10 traffic over private managed networks, rather than the internet. Many other companies  
11 such as Vonage, Google and MagicJack offer "over-the-top" VoIP services, which rely on  
12 a third-party broadband connection, and transmit calls over the public internet. These  
13 companies often offer "portable" VoIP services that can be used over any high speed  
14 internet connection. Since cable VoIP services were addressed above, I will describe  
15 "over-the-top" VoIP services in this section.  
16

17 From a customer perspective, VoIP service functions in a manner similar to standard circuit  
18 switched telephony, and allows a customer to utilize a standard telephone set to originate  
19 and receive telephone calls using the same dialing patterns that are used for standard  
20 wireline telephone service.<sup>69</sup> To utilize VoIP services, a customer must have a high speed  
21 connection, such as Digital Subscriber Line ("DSL"), a high-speed wireless connection,  
22 satellite broadband, or a cable modem. The FCC describes VoIP as follows:  
23 Interconnected VoIP service "(1) [e]nables real-time, two-way voice communications; (2)

---

<sup>69</sup> VoIP setup is simple--a standard telephone is simply plugged into a VoIP adaptor (provided by the VoIP carrier), which is connected to a broadband internet modem. From the standpoint of the customer, VoIP works just like traditional phone service, except that it provides additional features and functionality.

[r]quires a broadband connection from the user's location; (3) [r]equires IP-compatible customer premises equipment (CPE); and (4) [p]ermits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.”<sup>70</sup>

**Q. DO VOIP-BASED SERVICES REPRESENT A VIABLE ALTERNATIVE TO TRADITIONAL VOICE SERVICES?**

A. Yes. VoIP telephone service is a rapidly growing communications technology that clearly represents a competitive alternative to traditional landline-based telephone services in Arizona. In fact, in a 2009 Order regarding IP-enabled services, the FCC recognized that VoIP-based services are increasingly replacing traditional wireline services:

Consumers increasingly use interconnected VoIP service as a replacement for traditional voice service, and as interconnected VoIP service improves and proliferates, consumers' expectations for this type of service trend toward their expectations for other telephone services.<sup>71</sup>

The FCC has also noted in its Nprm regarding Intercarrier Compensation and Universal Service, that “the emergence of VoIP provides another alternative to traditional wireline phone service”<sup>72</sup> and that “consumer demand for VoIP services continues to increase.”<sup>73</sup> More recently, in its Report and Order and Further Notice of Proposed Rulemaking in this

<sup>70</sup> *In the Matter of Connect America Fund A National Broadband Plan for Our Future Establishing Just and Reasonable Rates for Local Exchange Carriers High-Cost Universal Service Support Developing an Unified Intercarrier Compensation Regime Federal-State Joint Board on Universal Service Lifeline and Link-Tip*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, Notice of proposed rulemaking and further notice of proposed Rulemaking, FCC 11-13, released February 9, 2011 (“FCC/LSF Nprm”), footnote 923.

<sup>71</sup> *Report and Order, In the Matter of IP-Enabled Services*, Federal Communications Commission, WC Docket No. 04-36, Released: May 13, 2009, ¶ 2

<sup>72</sup> FCC/LSF Nprm, ¶ 503

<sup>73</sup> *Id.* ¶ 610

1           docket, the FCC found that "interconnected VoIP services, among other things, allow  
2           customers to make real-time voice calls to, and receive calls from, the PSTN, and  
3           increasingly appear to be viewed by consumers as substitutes for traditional voice  
4           telephone services."<sup>74</sup> In addition, as described earlier, the FCC includes VoIP-based  
5           telephone service when it is developing telephone subscribership data, and the FCC now  
6           includes VoIP-based services in its *Local Competition Report*, where it includes the  
7           number of reported "End-User Switched Access Lines and VoIP Subscriptions." As noted  
8           in the most recent *Local Competition Report*, non-LEC VoIP subscriptions in Arizona  
9           increased to 484,000 in December 2010.<sup>75</sup> VoIP-based telephone offerings represent an  
10          increasing and significant form of competition for CenturyLink's local exchange service.

11  
12          **Q. IS THE PROVISION OF VOIP-BASED SERVICES INCREASING IN ARIZONA?**

13          A. While it is very difficult to obtain accurate subscribership information regarding VoIP  
14           services in Arizona, VoIP is clearly a rapidly growing communications technology that  
15           represents a competitive alternative to traditional landline-based telephone services. "Over  
16           the Top" VoIP-based telephone service, which is typically offered as a package that  
17           includes unlimited local and long distance service plus an array of calling features, is now  
18           readily available from a broad range of providers to *any customer in Arizona that has high-speed broadband internet access*. And it is clear that broadband availability and  
19           subscribership will increase over time, especially given the recent initiative by the FCC to

<sup>74</sup> *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Hand, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, OC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, Released November 18, 2011, ("KCCUSF Order"), ¶63.*

<sup>75</sup> *Local Telephone Competition: Status as of December 31, 2010*; Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, table 8.

1 provide universal service funding for broadband. In fact, the FCC acknowledged how  
2 increases in broadband availability will stimulate VoIP usage: "The deployment of  
3 broadband infrastructure to all Americans will in turn make services such as interconnected  
4 VoIP service accessible to more Americans."<sup>79</sup>

5  
6 Broadband access has been increasing rapidly in Arizona. According to the FCC's latest  
7 *High Speed Internet Report*, ADSL broadband connections in Arizona have grown from  
8 53,489 in December 2001 to 552,000 in December 2010—an increase of over 900 percent,  
9 and cable modem broadband connections in Arizona have grown over this timeframe from  
10 151,916 to 1,161,000—an increase of over 600 percent.<sup>77</sup> As of December 31, 2010,  
11 according to the FCC, there were 552,000 ADSL connections, 1,161,000 cable modem  
12 connections, 4,000 fiber connections, 24,000 fixed wireless broadband connections,  
13 1,487,000 mobile wireless broadband connections, and 16,000 other broadband  
14 connections, for a total of 3,264 million broadband connections.<sup>78</sup> Thus, the number of  
15 broadband connections in Arizona far exceeds the 1,295 million total CenturyLink basic  
16 exchange access lines that were in service in Arizona on December 31, 2010. According to  
17 the FCC, as of December 2010, high speed internet access was available to 88% of all FCC  
18 residential end-user premises and 99% of cable residential end-user premises in Arizona,  
19 and 67% of Arizona residential households had a high speed internet connection from one  
20 of the 74 broadband providers in the state.<sup>79</sup> Thus, competitive broadband services are now

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<sup>76</sup> FCC SF Order, ¶67.

<sup>77</sup> High Speed Services for Internet Access: Status as of December 31, 2010, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, Table 18, and High Speed Services for Internet Access: Status as of December 31, 2007, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, January 2009, Tables 11 & 12..

<sup>78</sup> High Speed Services for Internet Access: Status as of December 31, 2010, FCC Industry Analysis and Technology Division, Wireline Competition Bureau, October 2011, Table 18.

<sup>79</sup> *Id.* Tables 24, 16 and 23.

1 widely available from multiple providers in Arizona, and these services have been  
2 embraced by a rapidly increasing number of customers. Each broadband connection  
3 represents an existing or potential VoIP subscriber.

4

5 **Q. CAN CENTURYLINK DSL CUSTOMERS SUBSCRIBE TO VOIP TELEPHONE  
6 SERVICE PROVIDED BY ANOTHER PROVIDER?**

7 A. Yes. CenturyLink DSL service subscribers have the option of utilizing their DSL  
8 connection to subscribe to VoIP service from another provider, in lieu of traditional  
9 CenturyLink local exchange services. Residential and business customers within  
10 CenturyLink's service territory in Arizona may subscribe to CenturyLink DSL service on a  
11 "stand-alone" basis (i.e., they are not required to subscribe to standard CenturyLink local  
12 exchange service as a precondition to subscribing to CenturyLink DSL service). These  
13 customers may order VoIP telephone service from a wide range of non-CenturyLink VoIP  
14 providers as a replacement for CenturyLink basic exchange service.

15

16 **Q. PLEASE PROVIDE EXAMPLES OF SOME OF THE VOIP-BASED TELEPHONE  
17 SERVICE OFFERINGS AVAILABLE IN ARIZONA.**

18 A. Numerous companies offer VoIP services in Arizona, including Vonage, Lingo, 8x8,  
19 MagicJack, VoIP.com, viatalk, Intalk, PhonePower, CallCentric, VoIPYourLife and many  
20 others. There are numerous pricing plans and services available for residential and  
21 business customers. Vonage offers "Vonage World" service for \$14.99 per month (\$9.99  
22 for the first three months), which includes unlimited domestic usage and unlimited calls to  
23 60 countries, Voicemail, Caller ID, Call Waiting, Anonymous Call Block, 3-Way-Calling  
24 and many other standard features, online account access and portability ("Take your  
25 Vonage adapter anywhere there's a high-speed Internet connection and use your service just

1 like at home." Vonage also offers its "U.S. & Canada 300" plan for \$11.99 per month that  
2 includes 300 minutes of outbound local and long distance home phone service across U.S.,  
3 Canada and Puerto Rico, with 5 cents for each additional minute, along with the same  
4 features listed above.<sup>60</sup> Lingo offers numerous plans, starting with the "America 250"  
5 which includes 250 minutes to the U.S. and Canada, with 4 cents for each additional  
6 minute. The plan includes over 20 calling features, free activation and a free adapter, with  
7 no annual contract. The Lingo "America Unlimited" plan provides unlimited calling in the  
8 U.S. and Canada for \$21.95 per month (first month free), with the same features as the  
9 "America 250" plan. Lingo also offers international plans such as the "World Unlimited"  
10 plan with unlimited calls to 45 countries for \$23.95 per month (first month free), including  
11 the features described above.<sup>61</sup> Other providers offer similar plans, and many carriers offer  
12 additional business-related features.

13

14 **Q. WHAT DO YOU CONCLUDE REGARDING COMPETITION FROM "OVER  
15 THE TOP" VOIP PROVIDERS?**

16 A. VoIP providers offer very attractively priced phone services today; these are "functionally  
17 equivalent or substitute services readily available at competitive rates, terms and  
18 conditions" meeting the Rule 1108.B.5 criterion. As with cable, CLEC and wireless  
19 competition, this limits CenturyLink's market power, meeting the Rule 1108.B.6 criterion.  
20 There are dozens of VoIP providers offering voice service to Arizonans, meeting the  
21 criterion of Rule 1108.B.2.

22

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<sup>60</sup> See: <http://www.vonage.com>, visited 1-24-12.

<sup>61</sup> See: <http://www.lingo.com/voip/residential/world.jsp>, visited 1-14-12.

1   **C. COMPETITION AND PRICING**

2

3     **Q. GIVEN THIS COMPETITIVE ENVIRONMENT YOU HAVE DESCRIBED,**  
4     **SHOULD THE COMMISSION CLASSIFY ALL RETAIL SERVICES AS**  
5     **COMPETITIVE BASED ON THE CRITERIA IN RULE 1108?**

6     A. Yes. It is in the competitive environment described above, where customers have multiple  
7     voice options, that CenturyLink must set prices for its retail services, service, in response to  
8     market conditions. CenturyLink must set rates at levels that allow for the recovery of costs  
9     and investment in the network, while operating within competitive price constraints. If  
10    prices are set too low, CenturyLink may not cover costs or be profitable. If prices are set  
11    too high, CenturyLink may experience a mass exodus of customers to the competition, with  
12    a potential loss in profitability. In this proceeding, CenturyLink seeks the flexibility to  
13    price local exchange services and other regulated services at price levels that are  
14    appropriate given current competitive market conditions in Arizona.

15

16     **Q. DOES THE NEARLY UNIQUitous AVAILABILITY OF CABLE TELEPHONY,**  
17     **WIRELESS SERVICE AND VOIP-BASED SERVICES PROVIDE PROTECTION**  
18     **FOR ARIZONA CONSUMERS?**

19     A. Yes. Residential local exchange service rates in Arizona are low<sup>82</sup> and CenturyLink  
20     believes that the flexibility to increase or decrease rates is warranted. However, if  
21     customers are unhappy with any CenturyLink price increase, they may easily move to a  
22     competitor's services—whether cable, another CLEC, wireless or VoIP. This is the way  
23     competitive markets work, and this disciplines CenturyLink's prices. If CenturyLink sets

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<sup>82</sup> CenturyLink QC residential local exchange rates in Arizona are the lowest in the 14 state legacy Qwest region.  
Please see Exhibit RHB-X.

1       rates too high, then customers will simply leave CenturyLink for another option. In this  
2 way, the competitive market protects Arizona retail consumers.<sup>82</sup>

3  
4       For example, the threat of a customer "cutting the cord" constrains CenturyLink's local  
5 exchange prices. If CenturyLink sets local exchange rates too high, many customers will  
6 simply disconnect their wireless phone and use their wireless phones for all calls. Many  
7 customers already use their wireless phone for most calls, and a rate increase that  
8 consumers perceive to be unreasonable would cause CenturyLink to lose more customers  
9 to the competition, exerting pressure on CenturyLink to provide a competitive response,  
10 including the consideration of a reduction of rates. Thus, wireless competition, along with  
11 cable telephony, CLRC and VoIP-based competition protects Arizona residential customers  
12 from unreasonable rate increases, where "unreasonable" is determined by the market.

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82 This point was underscored by Chairman Pierce during the September 6, 2011 Open Meeting in connection with the application by Cox to increase its maximum rates under R14-2-11D9.

1                   **IV. REQUEST FOR DEREGULATION PER A.R.S. §40-281(E)**

2                   **A. THE DEREGULATION CRITERIA**

3

4   **Q. THE APPLICATION STATES THAT THE SERVICES LISTED IN ITS**  
5   **ATTACHMENT B SHOULD BE DEREGULATED, PURSUANT TO A.R.S. § 40-**  
6   **281(E). PLEASE STATE THE CRITERIA FOR DEREGULATION.<sup>84</sup>**

7   **A.** The Application identifies the following criteria that should be applied to a request for  
8   deregulation of services, based on A.R.S. § 40-281(E) and Article 15, § 2 of the Arizona  
9   Constitution:<sup>85</sup>

- 10      1. Whether the service constitutes "transmitting messages or furnishing public  
11       telegraph or telephone service" under Article 15, §2 of the Arizona Constitution;
- 12      2. Whether the service is presently an essential and integral part of "transmitting  
13       public telegraph or telephone service;"
- 14      3. Whether the service is clothed with a public interest, such as to make the rates,  
15       charges, and methods of provision a matter of public concern; and
- 16      4. Whether the service is a common carriage operation.

17   I will refer to these as the "four deregulation criteria" in the balance of my testimony.

18

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<sup>84</sup> As stated earlier in my testimony, I will testify about the criteria for deregulation based upon my knowledge of the public policy considerations, the history of telecom regulation, my familiarity with the modern circumstances prevailing in the industry, and my knowledge of the CenturyLink services and tariffs in the State of Arizona. While I am not an attorney, my testimony will be given in the context of the legal criteria stated in the Application and the understanding of those criteria that I hold as a regulatory manager.

<sup>85</sup> See Application, page 9.

1    Q. FROM YOUR PERSPECTIVE AS AN EXPERT IN TELECOM REGULATION  
2       AND PUBLIC POLICY, ARE THE FOREGOING QUESTIONS THE RIGHT  
3       QUESTIONS FOR THE COMMISSION TO ASK AS IT CONSIDERS  
4       CENTURYLINK'S DEREGULATION REQUEST?

5    A. Yes. I believe these are the right criteria to be explored in this case, as they provide the  
6       Commission with a very workable way to test whether deregulation is appropriate, using  
7       the concepts expressed in the words of the Arizona Constitution, the statute, and court  
8       cases. The four deregulation criteria are closely interrelated, and in some ways similar and  
9       overlapping. I agree with the statement in the Application that all of the criteria should be  
10      answered in the affirmative before rate regulation *should* apply.

11  
12    Q. PLEASE STATE YOUR VIEWS ON THE MEANING OF THE FIRST  
13       CRITERION AND THE LAST CRITERION REGARDING COMMON CARRIER  
14       OPERATION.

15    A. As stated in Article 15, §2 of the Arizona constitution, the activity that defines a company  
16       as a public service corporation in Arizona is "transmitting messages or furnishing public  
17       telegraph or telephone service." In applying Article 15, § 2, Arizona courts have spoken of  
18       "transmitting messages for the public" and equated this with the concept of a "common  
19       carrier." American Cable Television, Inc. v. Arizona Pub. Serv. Co., 143 Ariz. 273, 693  
20       P.2d 928 (Ct. App. 1983). The meaning of the term "common carrier" has been well  
21       established in common law; according to national telecom experts the term means an entity  
22       that holds itself to the public for hire on general terms.<sup>86</sup>

23

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<sup>86</sup> Federal Broadband Law, John Thorpe, Peter Huber, Michael Kellogg, , Little Brown and Company, 1995., p. 292.

1 A public service corporation transmitting messages for the public becomes a regulated  
2 entity subject to the jurisdiction of the Commission; but such regulation does not extend to  
3 pricing regulation of services not involved in "*transmitting messages for the public*." It is  
4 important to carefully parse the wording into its two components. First, is the service  
5 "*transmitting messages*?" Second, are such services offered indiscriminately to everyone  
6 who wants to hire them (i.e., the public)? That is, is the provider "*holding out*" the service  
7 to the public, or "*making [it] generally available*?" If not, there is no justification for  
8 subjecting the services to regulation.

9

10 **Q. BASED ON THESE CRITERIA, ARE THERE SOME SERVICES THAT SHOULD  
11 NOT BE SUBJECT TO COMMISSION REGULATION?**

12 A. Yes. Many of the services for which CenturyLink seeks deregulation are not public  
13 services that are offered indiscriminately to anyone who wants to hire them. For example,  
14 obsolete services which are provided only to grandfathered users, and circuits or channels  
15 which are dedicated to the exclusive, private use of a single user (and physically distinct  
16 from the common channels which form the public network) fit within this description.  
17 Further, many of the services for which CenturyLink seeks deregulation do not constitute  
18 the "*transmitting*" of messages.<sup>87</sup> These services are discussed further below.

19

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<sup>87</sup> This requirement is stated more specifically in the second criteria for deregulation.

1    Q. PLEASE EXPLAIN THE MEANING OF THE SECOND CRITERION FOR  
2    DEREGULATION, I.E., WHETHER THE SERVICE IS PRESENTLY AN  
3    ESSENTIAL AND INTEGRAL PART OF "TRANSMITTING MESSAGES OR  
4    FURNISHING PUBLIC TELEGRAPH OR TELEPHONE SERVICE."

5    A. This factor builds on the first. If a service meets the first condition i.e., that it constitutes  
6    "transmitting messages for the public," then under this test we look to see if the service is  
7    essential or integral to that endeavor. In that context, a service is *essential* if the message  
8    transmission cannot be provided without it, and is *integral* to the message transmission if  
9    the service cannot reasonably be separated from the message transmission. Many of the  
10   services for which CenturyLink requests deregulation are not essential or integral to  
11   transmitting messages. For example, consider Missed Call Return, whereby a subscriber  
12   can dial a code that places a call to number of the last phone that called the subscriber.  
13   While the service may be a handy convenience, the functionality cannot by any stretch of  
14   the imagination be considered essential to the placing and receiving of telephone calls.  
15   Services that are not an essential and integral part of "transmitting public telegraph or  
16   telephone service" are discussed further below.

17  
18   Q. PLEASE EXPLAIN THE APPLICATION OF THE THIRD CRITERION FOR  
19   DEREGULATION, I.E., WHETHER THE SERVICE IS CLOTHED WITH A  
20   PUBLIC INTEREST, SUCH AS TO MAKE THE RATES, CHARGES, AND  
21   METHODS OF PROVISION A MATTER OF PUBLIC CONCERN.

22   A. Even if all of the other criteria apply, it is entirely possible that the rates, charges, and  
23   methods of providing a particular service simply are not a matter of significant public  
24   concern. The most obvious circumstances where this may apply is when there are many

1 alternatives to the service or alternative providers of similar services, or when the service is  
2 used by very few customers.  
3

4 **Q. IS IT POSSIBLE THAT AN ANALYSIS OF THE FOUR CRITERIA DESCRIBED**  
5 **ABOVE TODAY COULD LEAD TO A DIFFERENT CONCLUSION REGARDING**  
6 **REGULATION THAN WAS REACHED IN THE PAST?**

7 A. Yes. CenturyLink seeks deregulatory classification of many services that have been  
8 regulated by the Commission for years. However, while the functional characteristics of  
9 the services in some cases have not changed, the conclusions reached via the application of  
10 the four criteria have changed. Due to technological and competitive changes in the market  
11 that I described earlier in my testimony, the application of A.R.S. § 40-281(E) and Article  
12 15, § 2 may lead to different conclusions today than in the past. CenturyLink believes that  
13 in Arizona today, the four criteria above cannot be universally answered in the affirmative  
14 for each of the services listed in Attachment B of the petition.

15  
16 **Q. HAS THE ARIZONA CORPORATION COMMISSION PREVIOUSLY**  
17 **DEREGULATED ANY OF CENTURYLINK'S SERVICES UNDER THE**  
18 **FOREGOING PRINCIPLES?**

19 A. Yes. On March 23, 2006, the Commission issued Decision No. 68604, which approved the  
20 Qwest Revised Price Cap Plan and the Settlement Agreement between and among Qwest,  
21 the Commission Staff, and the settling intervenors. The Commission determined that  
22 Legacy Qwest had met the criteria for deregulation of both Voice Mail Service and Billing  
23 and Collection Services. (Decision No. 68604, 11:8-14, 31:12-13). In addition, in  
24 Decision No. 55633, issued on July 2, 1987, the Commission approved the request of  
25 CenturyLink's predecessor Mountain Bell to deregulate radio telephone services.

1  
2     **Q. IF THE COMMISSION APPROVES CENTURYLINK'S REQUEST TO**  
3     **DEREGULATE SOME OR ALL OF THE SERVICES, WILL THE COMMISSION**  
4     **FOREVER LOSE ITS AUTHORITY OVER CENTURYLINK OR OVER THESE**  
5     **SERVICES?**

6     A. No. CenturyLink is asking to be relieved of *rate regulation* specifically and only for the  
7     services listed. The company will still be classified as a public service corporation and as a  
8     telephone corporation under the Constitution, applicable statutes, and Commission  
9     regulations. The services not deregulated will still be subject to rate regulation based on  
10    the appropriate Commission rule; for example the services listed in Attachment A of the  
11    Application will be price-regulated under A.A.C. R14-2-1109 and 1110 if the Commission  
12    adopts CenturyLink's proposals. Furthermore, CenturyLink acknowledges that the  
13    deregulation of rates does not preclude future re-regulation if the relevant factors for  
14    regulation as outlined in the statute change.

15  
16                      **B. DEREGULATION ANALYSIS**  
17

18     **Q. HOW WILL YOU PROCEED WITH THE ANALYSIS OF WHETHER**  
19     **REGULATION SHOULD APPLY TO THE SERVICES LISTED IN**  
20     **ATTACHMENT B OF THE APPLICATION?**

21     A. I have separated services offered by CenturyLink into six groups, based on common  
22     characteristics of the services. These groups are designated as follows:

- 23  
24         • Ancillary  
25         • Value Added  
26         • Obsolete  
27         • Pricing

- 1        • Supplemental  
2        • Toll.

3 I will describe the attributes of each group of services, and explain how the deregulation  
4 criteria relate to each group. The intent of this exercise is to facilitate the analysis of a  
5 fairly large number of services by segmenting into groups, without having to individually  
6 address each and every rate element in CenturyLink's Arizona price lists catalogues and  
7 tariffs.

8  
9 Exhibit RHB-9 provides a list of all the services for which CenturyLink requests  
10 deregulation, as listed in Revised Attachment B of CenturyLink's Application. The exhibit  
11 lists each service, along with the tariff section, a brief description, and the classification to  
12 one of the six groups listed above.

13  
14 **Q. PLEASE DESCRIBE THE ANCILLARY GROUP.**

15 A. The ancillary group includes a diverse set of services that are defined as Ancillary solely  
16 for purposes of discussion in this Application for deregulation.<sup>88</sup> The common  
17 characteristic of these services, which include labor, maintenance and premise work  
18 charges, directory assistance and other services, is that they do not occur during the course  
19 of the transmission of messages; none of these services standing alone constitutes a  
20 telecommunications service. Therefore, since they are not involved in the "transmission of  
21 messages" none of the Ancillary services meet the first criteria listed above, and since they  
22 cannot be considered as common carriage, they do not meet the fourth criteria listed above.  
23 Furthermore, voice calls or data transmissions (which are telecommunications services) can  
24 be connected, carried, and completed without using the functions provided in this list of

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<sup>88</sup> The use of the word "ancillary" herein is not related to definitions of ancillary that may be used in other state or federal proceedings.

1 services. The subscriber does not have to buy these optional services in order to initiate  
2 and complete phone calls or use telecommunications services functionality. Therefore,  
3 none of the Ancillary services meet the second criteria for regulation listed above.

4

5 **Q. PLEASE DESCRIBE THE VALUE ADDED GROUP.**

6 A. The Value-added group includes a diverse set of services that are grouped together under  
7 the caption of "Value Added," for purposes of discussion. These Value-added services  
8 include the "add-ons" and feature functionality that maybe utilized by a  
9 telecommunications user, but that are not related to the "transmission" of the call. The  
10 group includes custom calling features, nonrecurring charges and dedicated services such  
11 as DS1 and DS3. None of the Value Added services meet the first criteria listed above  
12 because they are not related to the transmission of call. For example, call transmission  
13 does not require custom calling features, nonrecurring charges are unrelated to a call itself;  
14 and dedicated private lines services do not utilize the common public switched network.  
15 Messages can be connected, carried, and completed, all without using the functions  
16 provided in this list of services, all of which are optional. Since the subscriber does not  
17 have to buy these services in order use the functionality of the common  
18 telecommunications network, none of the Value Added services meet the second criteria  
19 for regulation listed above.

20

21 **Q. PLEASE DESCRIBE THE OBSOLETE GROUP.**

22 A. When the company decides that it wants to stop offering a service that is provided under a  
23 tariff, it may discontinue offering the service to new customers, but allow existing  
24 customers to continue to use the service until the customer disconnects the service. This is  
25 commonly referred to as "grandfathering," and these services are categorized in the tariff as

1        "obsolete." These services often use older technology, and the demand in the market has  
2 either diminished or demand is met by more efficient products. Obsolete services include  
3 older centrex and centrex products, toll offerings and call features. (As discussed above,  
4 call features are not part of the core functionality of setting up, transmitting or terminating  
5 a call). None of the obsolete services can be ordered by new customers. Because these  
6 services are not currently offered by CenturyLink to any customer who wants to purchase  
7 them, they do not meet the first and fourth criteria for regulation. Since they can no longer  
8 be ordered, they clearly are not an "essential and integral part of transmitting public  
9 telegraph or telephone service" and do not meet the second criteria for regulation. Finally,  
10 since these services are *not* clothed with a public interest, such as to make the rates,  
11 charges, and methods of provision a matter of public concern, the third criteria for  
12 regulation is not met.

13      As I noted above, the Commission made a finding of deregulation in a similar situation in  
14 its 1987 Opinion and Order, Decision No. 55633, in which it held that mobile radio was a  
15 very specialized service and did not require regulation. The Commission cited, among  
16 other reasons, that it was subscribed to by far less than 1% of Arizona's population. These  
17 are the same circumstances that exist for the Obsolete group of services, and they should be  
18 deregulated as well.

19  
20      **Q. PLEASE DESCRIBE THE PRICING GROUP.**

21      A. The Pricing category consists of tariffed services whose only purpose is to state pricing  
22 variations for regulated services, when packages of services are purchased. This includes  
23 services such as Core Connect or Packages that include basic exchange services. These  
24 services include components that are otherwise tariffed on a stand-alone basis. It is not  
25 necessary to package the services together to make any of the component services meet

1       their intended purpose standing alone. Pricing plans that apply when the customer  
2       voluntarily opts to buy packages of different services represent marketing strategies, not  
3       telecommunications services. As such the first, second, and fourth criteria for regulation  
4       listed above are not met. Furthermore, there is no compelling public interest in regulating  
5       packages of services that include elements that are separately regulated by the  
6       Commission; thus the services do not meet the third criteria for regulation.

7

8       **Q. PLEASE DESCRIBE THE SUPPLEMENTAL GROUP.**

9       A. The Supplemental group consists of services which are comparable to basic service in some  
10      respects, but which are different in other respects. In some cases, the difference may be  
11      simply in pricing, such as with additional lines. In those instances, the fact that a particular  
12      tariff offers a different price than for basic service only serves to differentiate the service as  
13      a marketing strategy and does not constitute a telecommunications service. Pricing  
14      differentiations of that nature should be deregulated under the first, second, and fourth  
15      criteria listed above. Furthermore, as a matter of policy (the third criteria), there is no  
16      compelling interest in regulating multiple copies of services, when the purchase of single  
17      copies is already regulated.

18

19      In other cases, there may be functional differences from basic service as well, such as with  
20      ISDN service, which includes a data transmission component in addition to offering voice  
21      capabilities. By way of analogy, those services are like ordering overnight delivery of  
22      packages instead of regular delivery. The additional functionality cannot be considered  
23      "essential," because they go above and beyond the basic functionality of transmitting  
24      messages. As such, the Supplemental group should be deregulated under the second and  
25      fourth criteria listed above. Furthermore, there is no compelling interest in regulating

1 services with added functionality, for which an underlying basic service is separately  
2 regulated by the Commission. Therefore, we submit that the Supplemental group should be  
3 deregulated under the third criterion as well.

4

5 **Q. PLEASE DESCRIBE THE TOLL GROUP.**

6 A. The Toll category consists of long distance calling options and plans, which have been  
7 declared by the Commission as competitive for many years. It is well established that these  
8 plans are highly competitive. Given the number of competitive long distance providers, as  
9 well as the proliferation of wireless and VoIP options described earlier in my testimony,  
10 texting, email, web conferencing, calling cards and other alternatives, it is clear that the  
11 rates for long distance calling is no longer a matter of public concern. These services do  
12 not meet the third criteria for regulation.

13

14 **Q. WHAT DO YOU CONCLUDE?**

15 A. Based on the analysis above, all of the services listed in Exhibit RHB-9 as well as in  
16 revised Attachment B (Exhibit RHB-11) should be deregulated under A.R.S. § 40-281(E).

17

1                   **V. EFFECTS FROM PETITION ARE LIMITED**

2

3   **Q. IS CENTURYLINK SEEKING DEREGULATION OR COMPETITIVE**  
4   **CLASSIFICATION FOR THOSE SERVICES LISTED IN BASKET 4 OF THE**  
5   **CURRENT REVISED PRICE CAP PLAN, WHICH ARE PROVIDED TO OTHER**  
6   **TELECOM PROVIDERS?**

7   **A.** No. CenturyLink is not requesting any changes in the treatment of Basket 4 services,  
8   which include switched access, wholesale interconnection services (including UNES) and  
9   Public Access Line (PAL) service.

10

11   **Q. WHAT IMPACT WILL THE APPLICATION HAVE ON THE RESALE OF**  
12   **SERVICES:**

13   **A.** Nothing in the Application affects the wholesale reseller discount.

14

15   **Q. WHAT IMPACT WILL THE APPLICATION HAVE ON THE COMMITMENTS**  
16   **CENTURYLINK MADE IN THE MERGER DOCKET?**

17   **A.** None of the commitments made in the CenturyLink / Qwest merger docket (Docket No. T-  
18   01051B-10-0194 et al., Decision No. 72232) will be changed by granting the relief  
19   requested in the Application.

20

21   **Q. WILL CENTURYLINK'S APPLICATION HAVE ANY IMPACT ON THE**  
22   **COMPANY'S SAFETY NET PROGRAMS?**

23   **A.** No. As stated in CenturyLink's application, the proposals described in my testimony do  
24   not negatively impact important safety net features that the Commission has previously  
25   approved, including:

- 1                   a. Lifeline programs, which provide discounts to low income individuals;
- 2                   b. CenturyLink's Service Quality Tariff, which provides service standards in
- 3                   connection with the Company's basic service offerings, as well as penalties and
- 4                   incentives in connection with actual performance levels; and
- 5                   c. General Terms and Conditions, which contain important customer and company
- 6                   safeguards in connection with the ordering, billing, and provisioning of the
- 7                   Company's services.
- 8
- 9

10                   VI. SUMMARY OF RELIEF REQUESTED

11

12                   **Q. WHAT ACTION ARE YOU REQUESTING FROM THE COMMISSION IN THIS**

13                   **PROCEEDING?**

14                   A. First, we ask the Commission to declare that CenturyLink's regulated services are

15                   competitive under Commission Rule 1108, with the exception of (1) wholesale services

16                   that are represented in Basket 4 of the Revised Price Cap Plan, and (2) services that are

17                   deregulated by the Commission by granting the second part of our Application. We ask

18                   that all of the tariff's provisions contained in the current CenturyLink Exchange and

19                   Network Services Price Cap Tariff be included in that competitive declaration, except as

20                   noted. CenturyLink's Application requested that Commission classify the services listed

21                   on Attachment A to the Application as competitive under Commission Rule 1108. Minor

22                   revisions to the list of services have been made, and the Revised Attachment A is included

23                   in my testimony, attached as Exhibit 10. Attachment A, as submitted with the Application

24                   and as revised, is intended to provide a format by which the services we seek to have

1       classified as competitive may be readily compared to the services in the "Basket" structure  
2       of the Revised Price Cap Plan. The request for competitive classification extends to  
3       services that are included in Basket 1 of the Revised Price Cap Plan, with a few exceptions  
4       as depicted in Exhibit R(TB-10).

5  
6       Second, CenturyLink asks the Commission to deregulate the services that are listed in  
7       Attachment B of its Application, which has been slightly modified by my testimony.  
8       Revised Attachment B is attached to my testimony, marked as Exhibit 11. Attachment B,  
9       as submitted with the Application and as revised, is intended to provide a format which  
10      permits ready comparison to the "Basket" structure of the Revised Price Cap Plan. The  
11      services listed on Attachment B come from the competitive baskets, which are Baskets 2  
12      and 3. By our Application we ask the Commission to deregulate all the services listed and  
13      the associated terms and conditions in the Competitive Exchange and Network Services  
14      Price Cap Tariff No. 2, the Competitive Private Line Transport Services Price Cap Tariff,  
15      and the Competitive Advance Communications Services Price Cap Tariff, with several  
16      exceptions which are reflected in the Revised Attachments A and B (Exhibits RHB-10 and  
17      11).

18  
19      **Q. WHAT IS THE EFFECT OF THIS APPLICATION WITH RESPECT TO THE**  
20      **QWEST PRICE CAP PLAN?**

21      A. In an informal meeting of the Applicant, the Commission Staff, RUCO, a consensus was  
22      formed that Price Cap Plan docket (Docket No. T-01051B-03-0454) should be held in  
23      abeyance while this Application is processed and decided. While this docket is underway,  
24      CenturyLink will of course operate under the current Price Cap Plan.

1 Obviously, we will have to come back to the Price Cap Plan docket once this proceeding is  
2 concluded. If this Application is approved (in whole or in part) we will need to wrap up the  
3 Price Cap Plan. The Revised Price Cap Plan order will have to be revisited, and tariffs  
4 filed under those orders will have to be modified or withdrawn, consistent with the  
5 resolution reached in this proceeding.

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes, it does.

9

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**GARY PIERCE**

Chairman

**BOB STUMP**

Commissioner

**SANDRA D. KENNEDY**

Commissioner

**PAUL NEWMAN**

Commissioner

**BRENDA BLURNS**

Commissioner

**IN THE MATTER OF THE APPLICATION OF  
QWEST CORPORATION D/B/A CENTURYLINK-  
QC ("CENTURYLINK") TO CLASSIFY AND  
REGULATE RETAIL LOCAL EXCHANGE  
TELECOMMUNICATIONS SERVICES AS  
COMPETITIVE, AND TO CLASSIFY AND  
DEREGULATE CERTAIN SERVICES AS NON-  
ESSENTIAL**

**DOCKET NO. T-01051B-11-0378**

**DIRECT EXHIBITS**

**OF**

**ROBERT H. BRIGHAM**

**ON BEHALF OF**

**CENTURYLINK**

**JANUARY 25, 2012**

## Arizona Consumer Market Share

(Centris Data)

	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Voice Lines - CenturyLink						
Total Cable Telephony						
CableOne						
Comcast						
Cox						
Mediacom						
Other						
VoIP						
CLUICs						
Wireless Substitution						
No Voice/Other						
Total						

REDACTED

Centris data is developed from survey data, third party data bases and market models for Qwest's market planning and competitor intelligence purposes. Although deemed to be representative of market conditions, Centris makes no representations or warranties to third parties regarding the accuracy of this data.

## Arizona SMB Wireline Market Share

### Small business

L-Qwest	REDACTED
Cox	REDACTED
Integra	REDACTED
XO	REDACTED
Other CLEC	REDACTED
Level 3	REDACTED
tw telecom	REDACTED
PacTel	REDACTED
Verizon	REDACTED
AT&T	REDACTED
Comcast	REDACTED
Global Crossing	REDACTED
Other Cable	REDACTED
Cbeyond	REDACTED
All Other Type	REDACTED

### Medium business

L-Qwest	REDACTED
Cox	REDACTED
Integra	REDACTED
XO	REDACTED
tw telecom	REDACTED
Other CLEC	REDACTED
Level 3	REDACTED
PacTel	REDACTED
Verizon	REDACTED
AT&T	REDACTED
Comcast	REDACTED
Global Crossing	REDACTED
Cbeyond	REDACTED
Other Cable	REDACTED
All Other Type	REDACTED

Centris data is developed from survey data, third party data bases and market models for Qwest's market planning and competitor intelligence purposes. Although deemed to be representative of market conditions, Centris makes no representations or warranties to third parties regarding the accuracy of this data. Small business is defined as firms spending <\$1,500 / month (ex-wireless) and Mid Markets are firms spending between \$1,500 and \$5,000/ month (ex-wireless)

Wire Center	CTI Lines 2010	Cable 1	Cable 2
ASHFORK	ASFKAZMA		
BEARDSLEY	BRDSAZMA	Cox	
BENSON	BNSNAZMA	Cox	
BETHANY WEST	PHNXA2BW	Cox	
BISBEE	BISBAZMA	Cable One	
BLACK CANYON	BLCNAZMA		
BUCKEYE	BCKYAZMA	Cox	
CACTUS	PHNXA2CA	Cox	
CAMP VERDE	DMVRAZMA	Suddenlink	
CASA GRANDE	CSGRAZMA	Cox	
CATALINA	TCSNAZCA	Cox	Comcast
CAVE CREEK	CVCKAZMA	Cox	
CHANDLER MAIN	CHNDAZMA	Cox	
CHANDLER SOUTH	CHNDAZSO	Cox	
CHANDLER WEST	CHNDAZWF	Cox	
CHINO VALLEY	CHVYAZMA	Cable One	
CIRCLE CITY	CRCYAZNM	Cox	
COLDWATER (Goodyear)	GOYRAZCW	Cox	
COODUDGE	QDGAZMA	Cox	
CORONADO	CRNDAZMA	Comcast	
CORTARD	TCSNAZCO	Cox	Comcast
COTTONWOOD MAIN	CTWDAZMA	Cable One	Suddenlink
COTTONWOOD SOUTH	CTWDAZSO	Cable One	Suddenlink
GRAYCROFT	TCSNAZCR	Cox	Comcast
DEER VALLEY NORTH	DRVYAZNO	Cox	
DODUGLAS	DGLSAZMA	Cox	
DUDLEYVILLE	DDVLAZNM	Cox	
ELGIN (Patagonia)	PTGNAZEL		
ELCY	ELOYAZO1		
FLAGSTAFF EAST	FLGSAZEA	Suddenlink	
FLAGSTAFF MAIN	FLGSAZMA	Suddenlink	
FLAGSTAFF SOUTH	FLGSAZSO	Suddenlink	
FLORENCE	FLRNAZMA	Cox	
FLOWING WELLS	TCSNAZFW	Cox	Comcast
FOOTHILLS	PHNXA2BI	Cox	
FORTUNA (Yuma)	YUM44ZFT	Time Warner	
FT MCDOWELL	FTMDAZMA	Cox	
GILA BEND	GLBNAZMA	Cox	
GILBERT	MESAAZGI	Cox	
GLENDALE	GLDLAZMA	Cox	
GT OBE	GLOBAZMA	Cable One	
GRAND CANYON	GRONAZMA		
GREEN VALLEY	GNVVAZMA	Cox	Comcast
GREENWAY	PHNXA2GR	Cox	
HAYDEN	HYDNAZMA		

Wire Center	CTL Lines 2010	Cable 1	Cable 2
HIGLEY	HGLYAZMA	Cox	
HUMBO DT	HMBLAZMA	Cable One	
JOSEPH CITY	JSCAZMA	Cable One	
KEARMY	KRNYAZMA		
LAVEEN	PHNXAZLV	Cox	
LITCHFIELD PARK	LTPKAZMA	Cox	
MAMMOTH	MMTHAZMA		
MARANA	MARNAZMA	Comcast	
MARICOPA	MRCPAZMA	Cox	
MARYVALE	PIINXA2MV	Cox	
MDCCLINTOCK	TEMPAZMIC	Cox	
MESA	MESAAZMA	Cox	
MIAMI	MIAMAZMA	Cable One	
MILL CREEK	PHNXAZMR	Cox	
MT LEMMON	TCSNAZML	Cox	Comcast
MOUNTAIN PARK	MSPKAZMA	Suddenlink	
NEW RIVER	NWRVAZMA	Cox	
NOGALES MAIN	NGLSAZVA	Mediacom	
NOGALES MIDWAY	NGLSAZMW	Mediacom	
ORACLE	ORCLAZMA		
PAGE	PAGEAZMA	Cable One	
PALOMINAS	PLMNAZMA	Cox	
PATAGONIA	PTGNAZMA	Cox	
PAYSON	PYSNAZMA	Suddenlink	
PECOS	PHNKAZPP	Cox	
PEORIA	PHNKAZPR	Cox	
PHOENIX EAST	PHNKAZEA	Cox	
PHOENIX MAIN	PHNKAZMA	Cox	
PHOENIX NORTH	PHNKAZNO	Cox	
PHOENIX NORTHEAST	PHNKAZNE	Cox	
PHOENIX NORTHWEST	PHNKAZNW	Cox	
PHOENIX SOUTH	PHNKAZSD	Cox	
PHOENIX SOUTHEAST	PHNKAZSE	Cox	
PHOENIX WEST	PHNKAZWE	Cox	
PIMA	PIMAAZMA	Cable One	Comcast
PINE	PINEAZMA	Suddenlink	
PINNACLE PEAK	PRVYAZPP	Cox	
PREScott EAST	PRSCAZEA	Cable One	
PREScott MAIN	PRSCAZMA	Cable One	
RUFFIN CRFCK	HGIYAZQC	Cox	
RINCON	TCSNAZRN	Cox	Comcast
RIO VERDE	PTMDA2NO	Cox	
SAFFORD	SFRAZMA	Cable One	
SAN MANIFI	SMMINAZMA		
SCOTTSDALE MAIN	SCDLAZMA	Cox	
SEDONA MAIN	SEDNAZMA	Suddenlink	

Wire Center	CTL Lines 2010	Cable 1	Cable 2
SEDONA SOUTH	SEDNAZSO	SuddenLink	
SHCA	SCDLAZSH	Cox	
SIERRA VISTA MAIN	SRVSAZMA	Cox	
SIERRA VISTA NORTH	SRVSAZNO	Cox	
SIERRA VISTA SOUTH	SRVSAZSO	Cox	
SOMERTON	SMNTNAZMA	Time Warner Cable	
ST DAVID	BNSNAZSO	Cox	
STANFIELD	STFDAZMA		
SUNNYSLOPE	P-INXAZSY	Cox	
SUNRISE (Aqua Fria)	AGFIAZSR	Cox	
SUPER EAST	SPRSAZEA	Cox	
SUPER MAIN	SPRSAZMA	Cox	
SUPER WEST	SPRSAZWE	Cox	
SUPERIOR	SPRRAZMA		
TANQUE VERDE	TCSNAZTV	Cox	
TEMPE	TEMPAZMA	Cox	
THUNDERBIRD	SCDLAZT-H	Cox	
TOLLESON	T-SMAZMA	Cox	
TOMBSTONE	TMBSAZMA	Cox	
TONTO CREEK	TNCKAZMA		
TUBAC	TUBCAZMA		
TUCSON EAST	TCSNAZEA	Cox	
TUCSON MAIN	TCSNAZMA	Cox	
TUCSON NORTH	TCSNAZN-Q	Cox	
TUCSON SOUTH	TCSNAZSO	Cox	
TUCSON SOUTHEAST	TCSNAZSE	Cox	
TUCSON SOUTHWEST	TCSNAZSW	Cox	
TUCSON WEST	TCSNAZWE	Cox	
VAIL NORTH	VAILAZQ	Comcast	Cox
VAIL SOUTH	VAILAZSO	Comcast	Cox
WHITE TANKS	WHTKAZMA		
WHITLOW	WHTLAZMA	Cox	
WICKENBURG	WC6GAZMA	Cox	
WILLCOX	WLQKAZMA	Cox	
WILLIAMS	WLMSAZMA	SuddenLink	
WINSLOW	WN5LAZMA	Cable One	
WINTERSBURG	WN8GAZ01	Cox	
YARNELL	YRNLAZMA	Cable One	
YUMA MAIN	YUMAAZMA	Time Warner	
YUMA SOUTHEAST	YUMAAZSC	Time Warner	
Grand Total			

REDACTED

Total CLECs

360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
Pac-West Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

ASKFORK  
BEARDSTON  
BENSON  
BETHANY WEST  
BISBEE  
BLACK CANYON  
BUCKEYE  
CACTUS  
CAMP VERDE  
CASA GRANDE  
CATARINA  
CAVE CREEK  
CHANDLER MAIN  
CHANDLER SOUTH  
CHANDLER WEST  
CHINO VALLEY  
CIRCLE CITY  
COLDWATER

Note: 1 = presence in wire center.

COOLIDGE  
CORONADO  
CORTADO  
COTTONWOOD MAIN  
COTTONWOOD SOUTH  
CRAYCROFT  
DEER VALLEY NORTH  
DOUGLAS  
DUDLEVILLE  
ELGIN  
ELOV  
FLAGSTAFF EAST  
FLAGSTAFF MAIN  
FLAGSTAFF SOUTH  
FLORENCE  
FLOWING WELLS  
FOOTHILLS  
FORTUNA

REDACTED

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
Pac-West Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

**REDACTED**

FT MCDONNELL  
GILA BEND  
GIBERT  
GLENDALE  
GLOBE  
GRAND CANYON  
GREEN VALLEY  
GREENWAY  
HAYDEN  
HSLEY  
HUMBOLDT  
JOSEPH CITY  
KEARNEY  
LAWEEN  
LITCHFIELD PARK  
MAMMOTH  
MARANA MAIN  
MARIOPA

Total CLECs:  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
Pac-West Telecomm  
Pastec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

Note: 1 - presence in wire center.

MARYVALE  
MCCINTOCK  
MESA  
MIAMI  
MID RIVERS  
MT LEMMON  
MUNDS PARK  
NEW RIVER  
NOGALES MAIN  
NOGALES MIDWAY  
ORACLE  
PAGE  
PALOMINAS  
PATAGONIA  
PAYSON  
PECOS  
PEORIA  
PHOENIX EAST

REDACTED

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MIC TELEPHONY  
Neutral Tandem  
North County Communications  
Pat-West Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XD Communications  
VMAX Communications Corp

**REDACTED**

PHOENIX MAIN  
PHOENIX NORTH  
PHOENIX NORTHEAST  
PHOENIX NORTHWEST  
PHOENIX SOUTH  
PHOENIX SOUTHEAST  
PHOENIX WEST  
PIMA  
PINE  
PINNACLE PEAK  
PRESCOTT  
PRESCOTT EAST  
QUEEN CREEK  
RINCON  
ROBLES  
SAFFORD  
SAN MANUEL  
SCOTTSDALE MAIN

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
Pac-West Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co.  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

Note: 1 = presence in wire center.

SEDONA MAIN  
SEDONA SOUTH  
SHEA  
SIERRA VISTA MAIN  
SIERRA VISTA NORTH  
SIERRA VISTA SOUTH  
SOMMERTON  
ST DAVID  
STANFIELD  
SUNNYSLOPE  
SUNRISE  
SUPER EAST  
SUPER MAIN  
SUPER WEST  
SUPERIOR  
TANQUE VERDE  
TEMPE  
THUNDERBIRD

REDACTED

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
PacWest Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

Note: 1 - presence in wire center.

TOLLESON  
TOMBSTONE  
TONTO CREEK  
TUBAC  
TUCSON EAST  
TUCSON MAIN  
TUCSON NORTH  
TUCSON SOUTH  
TUCSON SOUTHEAST  
TUCSON WEST  
VAIL NORTH  
VAIL SOUTH  
WEELTON  
WHITE TANKS  
WHITLOW  
WICKENBURG  
WILCOX

REDACTED

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Coax Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
Level 3 Communications  
MCC TELEPHONY  
Neutral Tandem  
North County Communications  
PacWest Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
Sharenet Communications Co  
Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

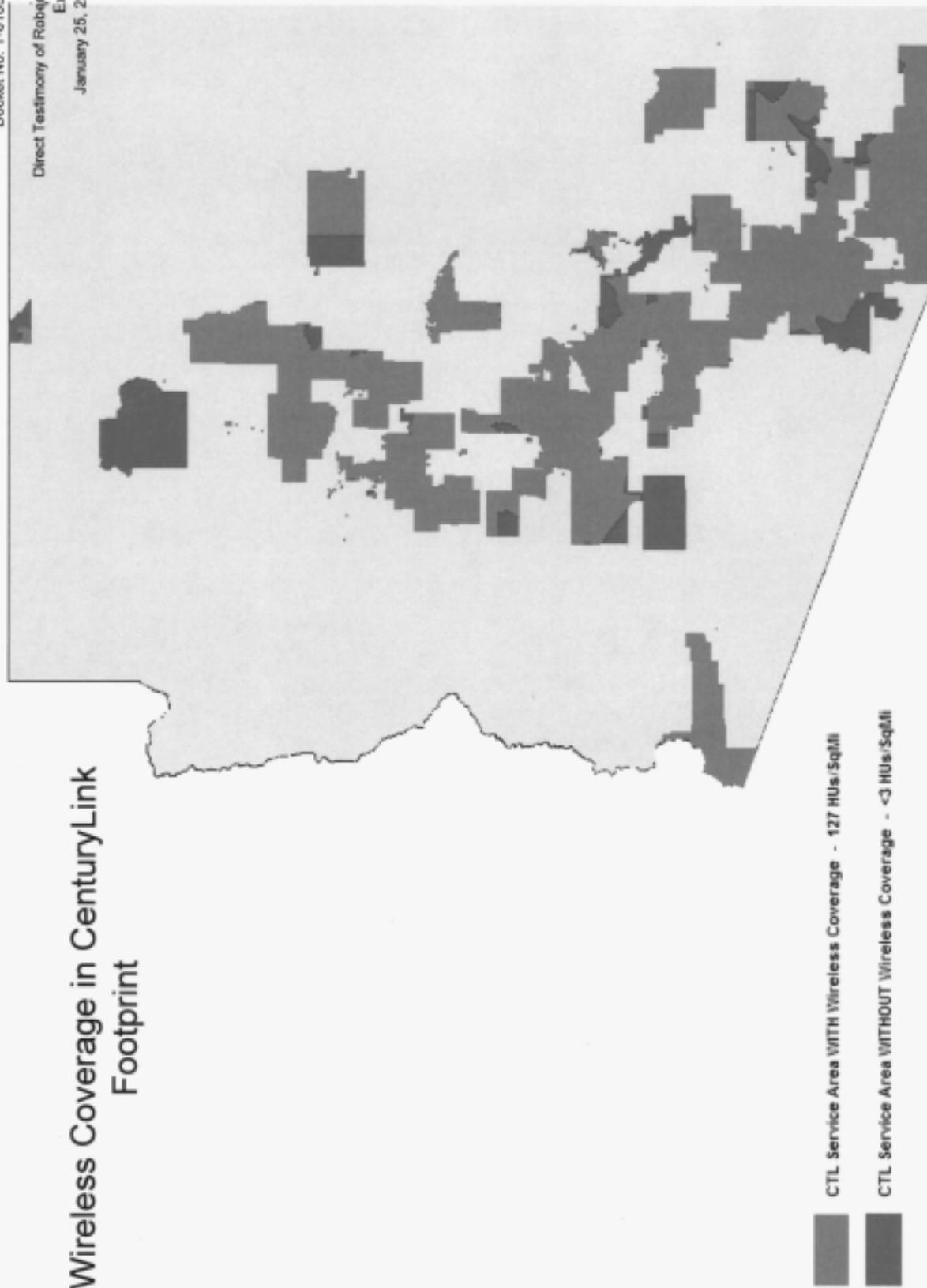
Note: I - presence in white center.

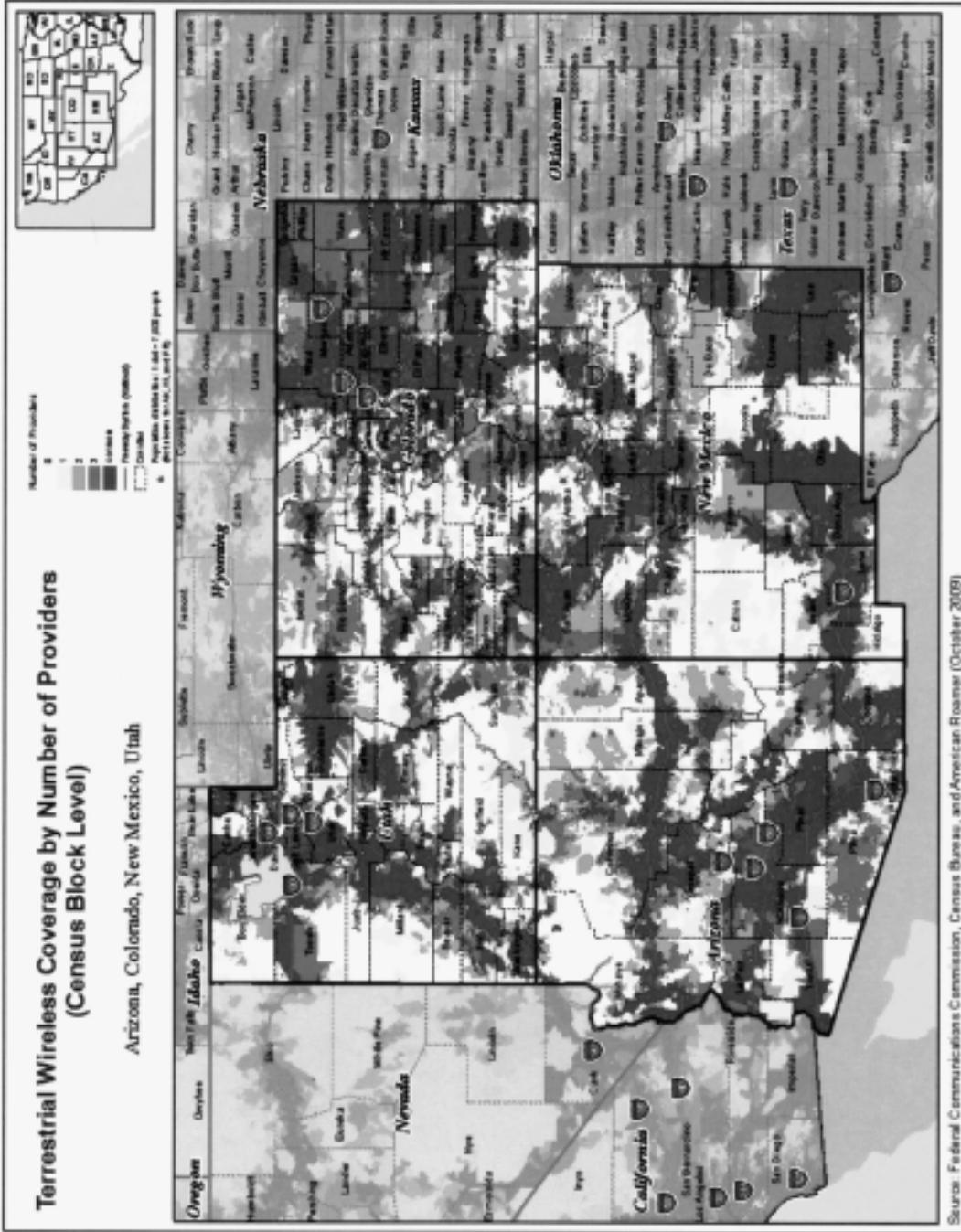
WILLIAMS  
WINSLOW  
WINTERSBURG  
YARNELL  
YUMA MAIN  
YUMA SOUTHEAST

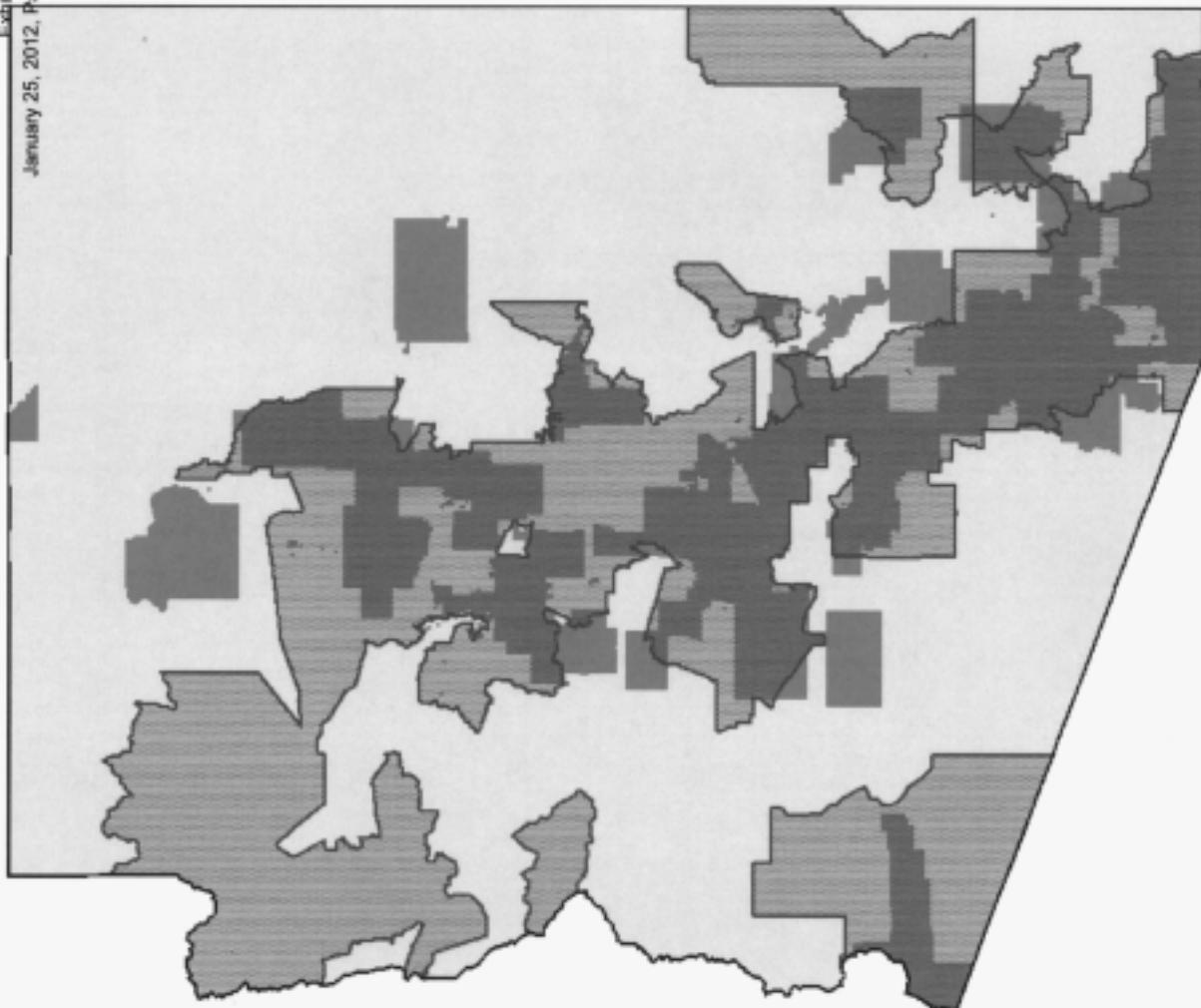
**REDACTED**

Total CLECs  
360networks Corporation  
AT&T  
Bandwidth.com  
Citynet  
Comcast Corporation  
Cox Communications  
Frontier Communications Corporation  
Gila River Telecommunications  
Global Crossing  
Great West Services  
Integra Telecom  
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MCC TELEPHONY  
Neutral Tandem  
North County Communications  
Pac-West Telecomm  
Paetec Communications  
Peerless Network  
Qwest  
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Sprint Communications  
tw telecom  
Valley Telephone Cooperative (Arizona)  
Verizon  
XO Communications  
YMAX Communications Corp

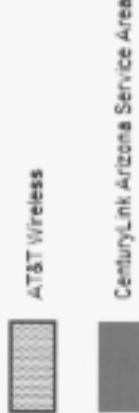
Wireless Coverage in CenturyLink  
Footprint

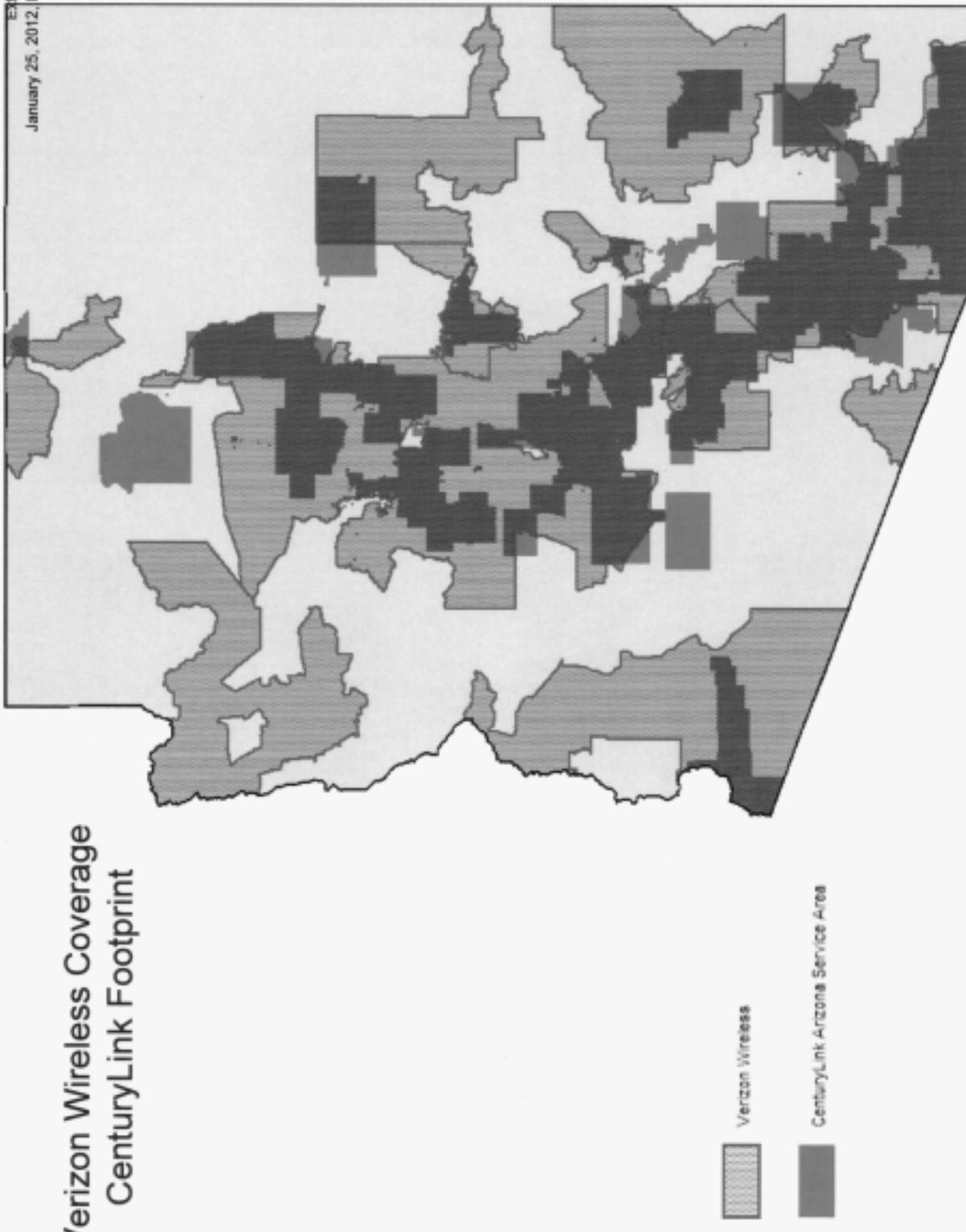


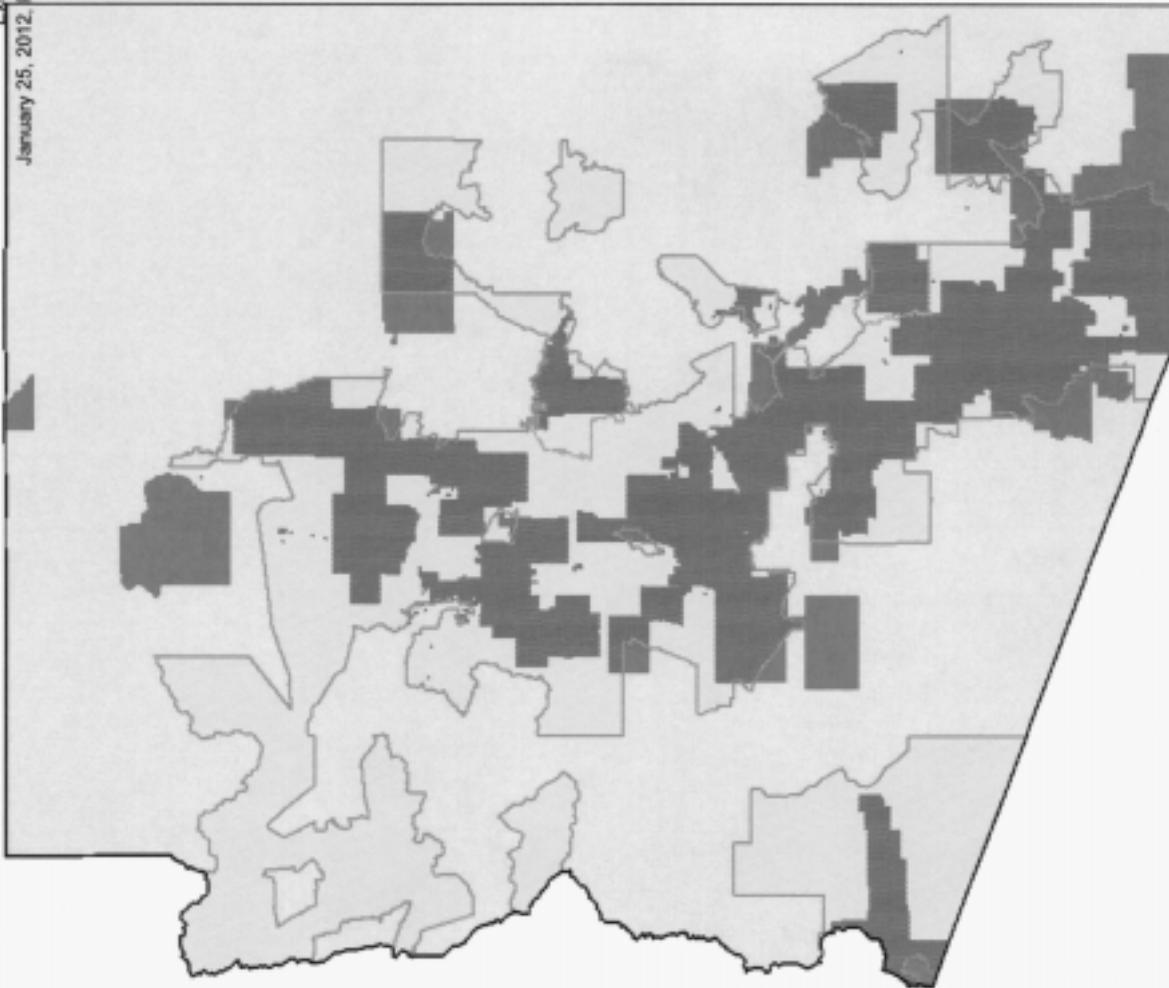




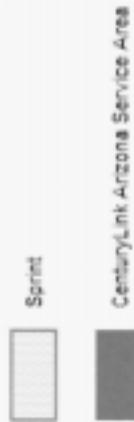
AT&T Wireless Coverage  
CenturyLink Footprint

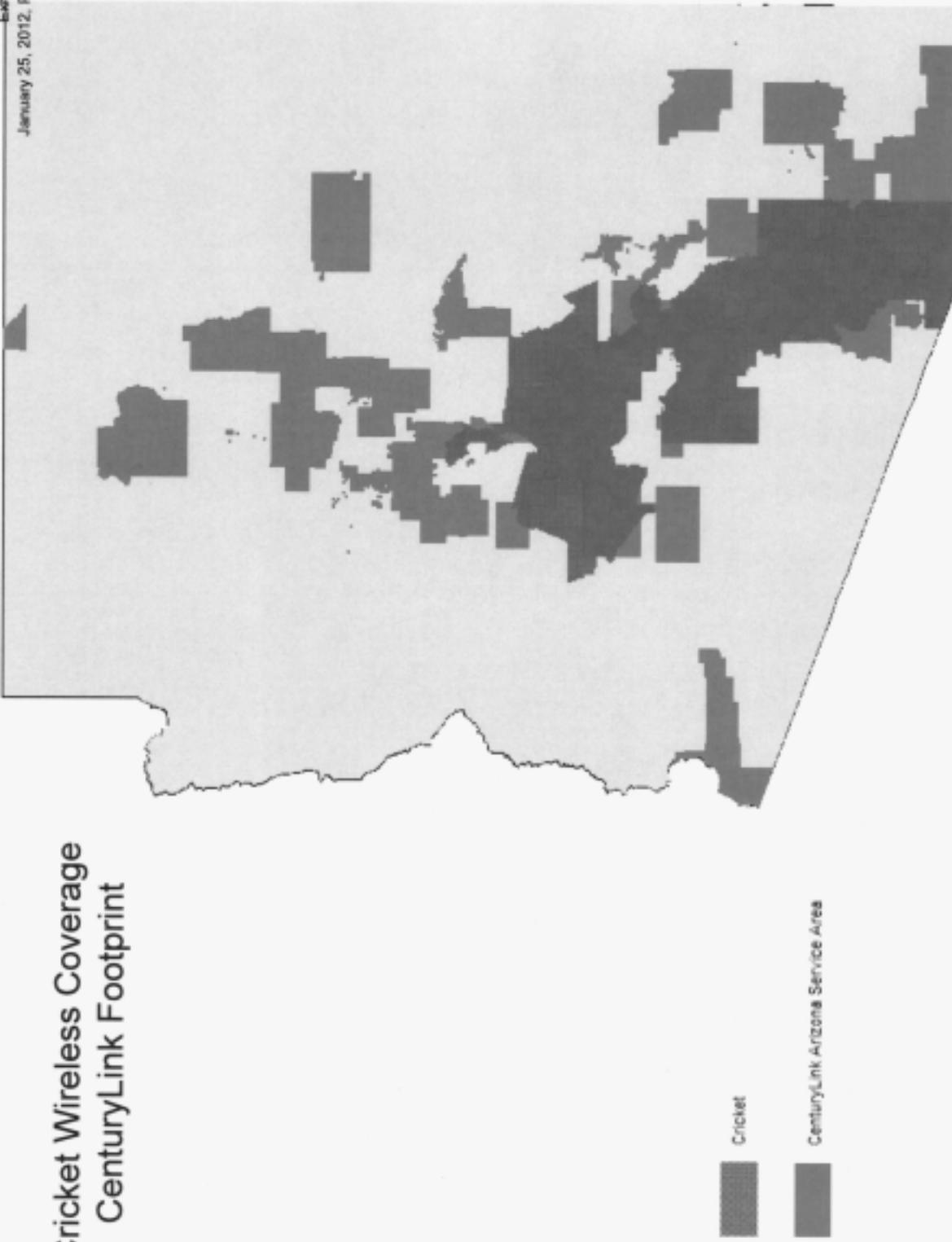


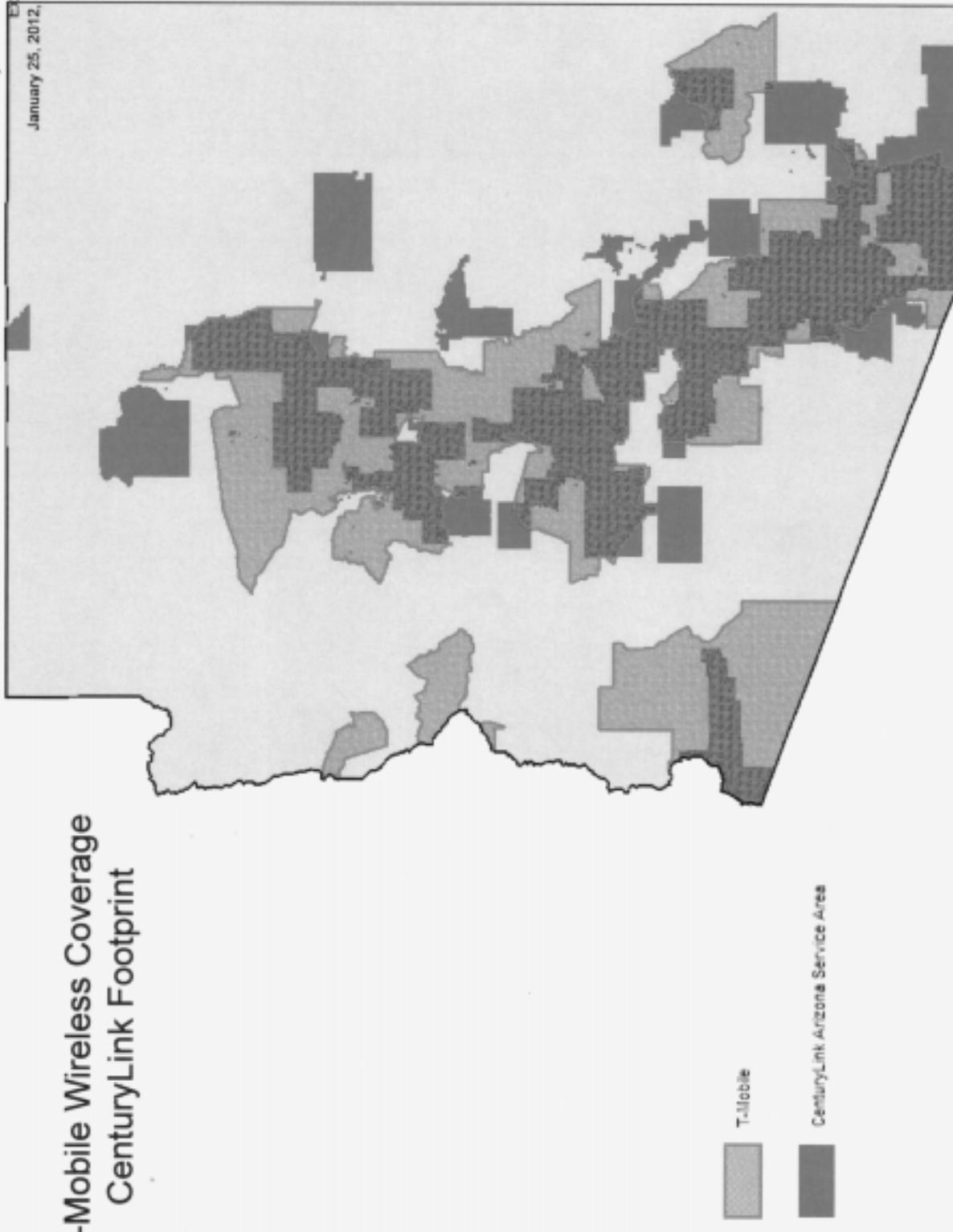




**Sprint Wireless Coverage  
CenturyLink Footprint**







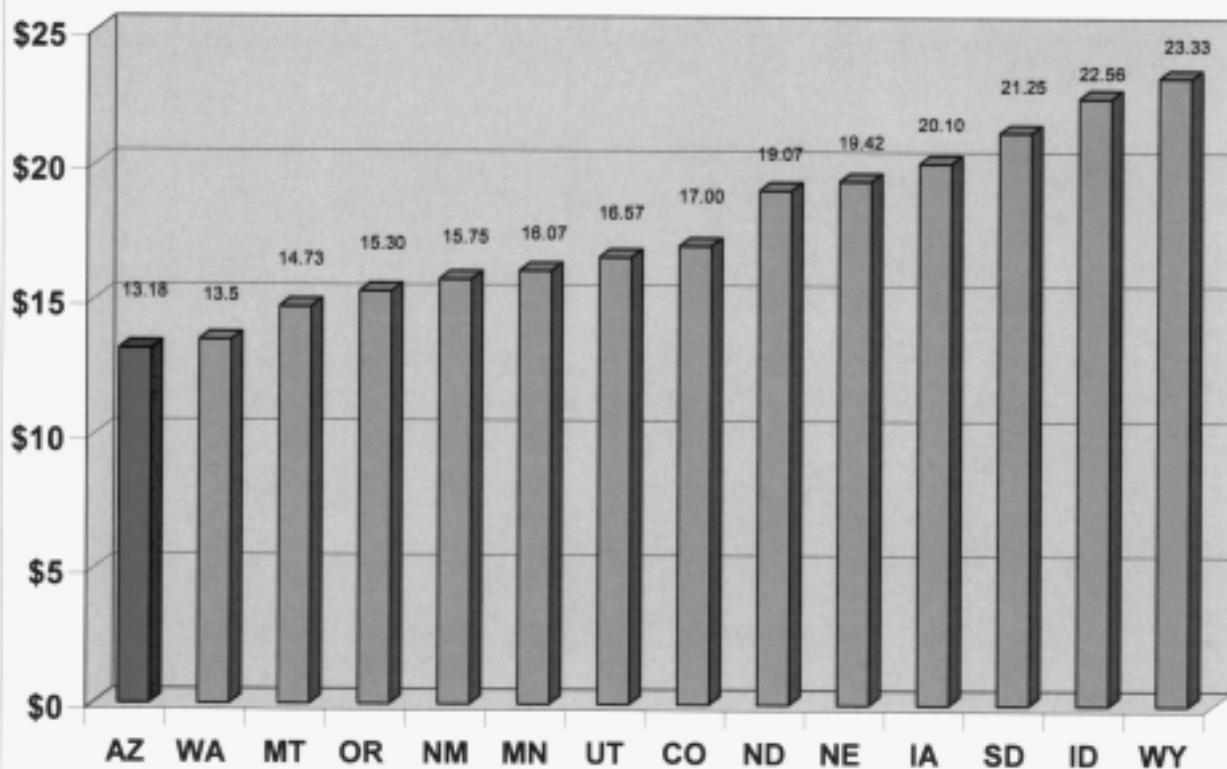


**Other Wireless Coverage  
CenturyLink Footprint**

Other Wireless Carriers

CenturyLink Arizona Service Area

## Basic Residential Rate Comparison\* Legacy Qwest States



\*Includes 1FR primary line rate plus EAS

Service Description / Service Level	Description	Category
D-010.1 MESSAGE DELIVERY SERVICE	Message Delivery Service transmits all information pertaining to the messaging service to the customer. The service would enable the customer to verify forwarded calls and receive forwarded messaging messages to their office's own. Additionally, if visibility of the calling customer number is desired, it allows the customer to receive more personalized messaging to the calls.	Value Added
D-010.2 MESSAGE WAITING INDICATION	Message Waiting Indication is a feature whereby subscribers can tell if there are messages deposited into their ringback queue at a provider's provider's site. The user will be notified by the provider over the provider's telephone line. The user may call the provider to get the message or ignore the message and do nothing. This feature continues until the message has been removed.	Value Added
D-010.3 CENTRAL OFFICE MESSAGE BUS STOP MOUNT	The central office route board function is designed to enable the subscriber, who has more than one central office line, to normally break out the one group of lines, or keep the incoming traffic from a specified line.	Value Added
D-010.4 CUSTOMER SERVICE	CUSTOMER SERVICE enables a customer, by means of Company operator/switcher, to neither support local calls by themselves or, alternatively collect calls, off their party lines, and calling local calls.	Value Added
D-010.5 OBSOLETE REASSEMBLY OF COMPANY SERVICES	The Reassembling of the following Exchange Services furnished by the Company: - Business reassembled PBX links - Business reassembled links - PBX reassembled access links	Obsolete
D-010.6 OBSOLETE LOCAL SERVICE OPTIONS	Specialized local service offerings: 1. Customer Service: Two premium services that are located at a different location, but have the same service area with the option of connecting or disconnecting the switch of the lines of another location. 2. One-Utility Line Service: additional telephone power. It also allows businesses customers to expand access and capacity to their business. Companies having multiple lines and may be interconnected under a single recharge service.	Obsolete
D-010.7 OBSOLETE ICD SERVICE	One-located ICD (ICD) Both ICD is a special feature on equipment which permits incoming calls from the exchange to connect directly to the ICD station without an attendant's assistance.	Obsolete
D-010.8 OBSOLETE AUTOMATIC OUTWARD DIALING	No. 100 feature connects outgoing long distance calls through local calls to the destination to be dialed. The Operator ICD calls are on open-call basis. The Automatic ICD calls are on a permanent basis.	Obsolete
D-010.9 CUSTOMER NUMBER BLOCKING	Customer Number Blocking is a connection-based service which provides up to three distinctive ringing codes on incoming calls using one individual access line. The distinctive ringing codes are obtained by designating up to three local telephone numbers to the access line.	Obsolete
D-010.10 OBSOLETE DIALING DIRECTORY SERVICE	Dialing Service is an optional service offered available to customers with less or more than one individual line service, either local or remote. Such line will be assigned so that incoming calls to a busy line will overflow to either or the customer's local or busy. The following types of dialing directory is also available, so that each line has its own unique and private local.	Obsolete
D-010.11 OBSOLETE DIAL-IN CALLING SERVICES	Customer Calling Facility are special services of other companies and calling over long distance and roaming calls.	Obsolete
D-010.12 OBSOLETE LISTENING	This application is necessary to obtain a list of names of customers and customers whom directory listing are required. A telephone ringing code includes information which is essential to the realization of the third party and telephone number of the directory.	Obsolete
D-010.13 OBSOLETE EMERGENCY ALARM AND REPORTING SERVICE	Public Emergency Reporting Services is designed for use of police and volunteer fire departments, fire, medical, and other emergency organizations. The system is designed so that the responsible body in the community, which designated to receive the 9-11 emergency reporting calls may be connected in a number of different areas of various locations in the community. The emergency will both function for 9-11 people to receive emergency calls and sound the alarm where required.	Obsolete
D-010.14 OBSOLETE ARRANGEMENTS FOR NIGHT, SUNDAY, AND DAY SERVICE	Special arrangements may be made to provide for CO service for PBX systems outside the usual business hours (i.e., from 2pm, and on Sundays, and holidays, when in Ireland); a non-regulatory on-duty.	Obsolete

Term/Section / Term/Heading	Description	Category
C1104.2 <b>DESTITUTE LOCAL CONNECTION</b>	To local service or an arrangement of connection with private funds exchange-type services or on direct access to the local network. Calls directed to the local network are directed to the subscriber.	Obsolete
C1104.3 <b>OBSCURE LOCAL NETWORK CONNECTION</b>	Connection to other local equipment and facilities to facilities of the Company	Obsolete
C1105.1 <b>PRIVATE CUSTOMIZED SERVICES OF EQUIPMENT OR NETWORK ARRANGEMENTS</b>	One or more pieces of equipment and services required by customer for specialized situations that cannot be addressed in existing tariffed services	Obsolete
C1151 <b>DIGITAL SWITCHED SERVICES (DSS)</b>	Digital Switched Services provided by AT Exchange 30/500 km PSS customers. DSS includes a US 9103 (g) generic equipment local exchange switching and PSS 1330; for access to the local exchange and toll networks. Each DSS facility utilizes 24 channels of which 20 configurations on the basis of covered C1160 defined below, or a combination of both goes on units.	Supplemental
C26.1 <b>CUSTOMIZED SERVICE FOR EQUIPMENT OR SERVICE ARRANGEMENTS</b>	One or more pieces of equipment and services required by customer for specialized situations that cannot be addressed in existing tariffed services	Value Added
C5.4 <b>RESALE SHARING OF COMPANY SERVICES</b>	The ResaleSharing of the following Exchange Services furnished by the Company: • Business leased line services • Business measured access lines • Business mobile voice lines	Supplemental
On.22 <b>LOW USE CHARGE SERVICE - ADDITIONAL LINES</b>	Hold-to-dial service for certain messages, no charges are based on the number of local calls placed. The Low Use SpecIndicates an individual exchange access line with local-to-local capability	Supplemental
On.24 <b>FAT RATE SERVER - ADDITIONAL LINES</b>	A local exchange access line which is not the subscriber's primary access to a given location	Supplemental
On.25.4 <b>PUBLIC RESPONSE CALLING SERVICES</b>	Local Response Calling Services, also known as direct connect, provides facilities for on-premises, including but not limited to local, national, and international premises, such that other users calling by the general public to a telephone number	Value Added
On.26.4 <b>DIRECT INWARD DIALING (DID) SERVICE</b>	Circuit Inward Dialing (CID) Service is a special switching arrangement which permits incoming calls from the exchange network to reach a specific PBX extension without an operator's assistance	Value Added
On.4.10 <b>CUSTOM RINGING SERVICE</b>	Custom Ringing is a premium value added service which provides up to three distinctive ringing codes on incoming calls, using one individual access line. The different ringing codes are achieved by assigning up to three additional telephone numbers to the access line	Value Added
On.4.11 <b>HOT LINE SERVICE</b>	Hot Line is a premium service, and is available to customers with individual telephone lines, where feasible, such lines can be assigned to the receiving calls to a single local number to offer other options for calling. The various types of hot line arrangements are available, either a simultaneous (222) or sequential (2222) pattern	Value Added
On.4.12 <b>NUMBER PORTABILITY</b>	Number Portability allows a mobile customer to have a telephone number identity without having an exchange access line. Calls made to the telephone number can be converted to any other telephone number within the same local calling area	Value Added
On.4.12 <b>TOUCH-TONE CALLING</b>	Touch-Tone Calling Services is a data driven type of telephony service using audio-voice frequency tones to indicate the DDI occupied	Value Added
On.4.13 <b>CUSTOM CALLING SERVICES</b>	Custom Calling Features provide customers the ability to route away a customized outgoing and incoming calls	Value Added
On.4.15 <b>SATE EXCHANGE CONNECTION</b>	This service provides a circuit with no more than a 4 decimal from the local central office to the customer's rateable telephone. This service provides the customer a high quality connection via the signaling for use on all local switched networks	Value Added
On.4.16 <b>OPEN SWITCH INTERNAL PROTECTION</b>	Open-Switch Service Provider provides constant supervision of the customer's line by sending a signal distributor and signal distributor for application during central office switching until the call connects or is completed	Value Added
On.4.19 <b>CALLER IDENTIFICATION - BILLING</b>	Caller Identification-Billing (CIB) allows a CENTRUM Customer, Multi-line Account (MLA) or Private Branch Exchange (PBX) customer to receive call related information on calls that are received from outside the CENTRUM Customer, MLA or PBX	Value Added

Term Sheet(s) / Term / Issuing Service Provider	Description	Category
08.7.1 TERM SHEET FOR TERMINAL SERVICES	The subscriber can key in and obtain a series of basic names and other relevant directory listings are provided. Additional listing include information which is essential to the identification of the listed party and the time the use of the directory.	Another
08.1.1 CUSTOM NUMBER SERVICE	A customer request for a specific telephone number assignment.	Another
08.6.4 INTERCALL SERVICES	Provides just provide delivery information concerning information to update numbers.	Value Added
08.4.8 NEXT CONNECTS	An optional feature that allows a customer to control the handing of incoming calls when they're busy, by disconnecting the call in progress, or allowing the caller to leave a message.	Value Added
ACI100.6 RATES AND CHARGES	Refers to ACS 10.1 - Metro Optical Ethernet (MOE) Service. A flexible, easy-to-use transport service that uses established Ethernet technologies. MOE allows customers to connect multiple enterprise facilities within a single area using the Ethernet protocol. MOE is available over three distinct design Customer Premises Control Office and Ethernet in Beyond Threestep (BET).	Value Added
ACI100.5.1 GENERAL	Refers to ACS 10.1 - ATM Service. A connection-oriented broadband service that uses Asynchronous Transfer Mode technology. This service provides customers with high-speed, low-latency and constant bandwidth capability, which supports up to four simultaneous connections in each module (256K, 512K, 1Mbit/sec, 2Mbit/sec) and communications over 1500 locations.	Value Added
ACI100.7 RATES AND CHARGES	Refers to ACS 10.1 - Link Switching Service. A metropolitan-area and step-down LAN Interconnect service, which connects customers with regional and long-haul LSS providers. LSS provides a specific amount of bandwidth and exports both point-to-point and multi-point connectivity between customers designated locations.	Value Added
ACI5.1.1 GENERAL	Refers to ACS 5.1 - Frame Relay Service. A switched + leased line-based access and transport facility and a range Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACI5.4.2 OPTIONAL FEATURES AND FUNCTIONS	Refers to ACS 5.1 - Frame Relay Services. Provides high-speed access and through the enabling Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACI5.5.1 GENERAL	Refers to ACS 5.1 - Frame Relay Services. Provides high-speed access and through the enabling Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACI5.5.2 OPTIONAL FEATURES AND FUNCTIONS	Refers to ACS 5.1 - Frame Relay Service. A switched + leased line-based access and transport facility and a range Local Area Networks (LANs), as well as computers. Utilizing statistical multiplexing, FRS enables users to allocate bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications.	Value Added
ACI5.7.1 GENERAL	Refers to ACS 7.1 - ATM Service. A connection-oriented transmission service that uses Asynchronous Transfer Mode technology. This service provides customers with high speed, low latency and constant bandwidth capacity, which supports applications that require more resources of multimedia (text, voice, image, video) communication among multiple locations.	Value Added
C-010.4 TRAFFIC DATA REPORTING SERVICE	Traffic Data Report Service provides customers a summary of their traffic data over their network, e.g., individual session level, user level, group, link group, account, account group, CEN, NCP, system, location, etc.	Another
C10.10.5 CALL EVENT AND MANAGEMENT ORIGINATING SERVICE (OEMS) SUBSCRIBER	Event and Management Originating Service Subscribers can receive messages on their behalf from their provider's OEMS. OEMS is a state-of-the-art subscribers chosen provider to conduct conversations on their behalf on line such as updating a calendar or creating a call log.	Value Added

Tariff Section / Tariff Heading	Description	Category
C0000-000000000000	Describes a system of billing among members or enables the customer and others to bill each other through the use of code numbers set aside by the Company. The customer may associate his code number with specific locations, departments, projects etc. for internal accounting by 1000000000000000. All bills for 1000000000000000 will be based on the code number furnished to the telephone at the time the call is placed.	Value Added
C100-210 OBSOLETE BUSINESS LINE VOLUME PURCHASE PLAN	The Business Line Volume Purchase Plan is available to business customers subjecting to Exchange rate in conjunction with basic long distance rates. A customer may have up to one rate over 2000 per day during non-business hours. The Customer must subscribe to the plan prior to activating the plan.	Obsolete
C100-414 OBSOLETE CUSTOM SOLUTIONS	Custom Solutions allows the customer the option to group groups of accounts which will meet their needs. The customer selected groups may be chosen from PRIMUS services and additional service products.	Obsolete
C100-415 OBSOLETE SERVICE NUMBER SERVICE	Service Number Service provides a single telephone number to business customers in multiple business centers.	Obsolete
C100-417 OBSOLETE BUSINESS CALL BOX/MAIL SERVICE	Business Call Boxes will provide call redirection to any local 10 digit number assigned by the customer.	Obsolete
C100-6 OBSOLETE JOINT USE SERVICE	Joint use is known when individuals firms or corporations share the same telephone service. This can only be used in lieu of the Revolving Shared Joint Use Service. It is allowed only for customers having 2 lines or more, state or local. If customers already have and/or banks or less than 2 lines they will be required to comply with the rate sharing provisions of P.R.C.	Obsolete
C100-8 OBSOLETE PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE	A package of revenue modification customers in connection with and billed together with an individual toll rate or add-on rate for calling long distance.	Obsolete
C100-9.2 OBSOLETE PACKAGES UNIT ASSOCIATED WITH BASIC EXCHANGE SERVICE	Optional feature packages available to customers and 10 sequentially from the associated access line.	Obsolete
C100-10 OBSOLETE 1-800 CALLING SERVICE	1-800 Calling Service provides access to an interactive voice response platform via a 1-800 number.	Obsolete
C100-25 OBSOLETE SPECIAL REVERSED CHARGE LONG DISTANCE SERVICE	Special Reversed Charge Long Distance Service may be an arrangement in connection with AT&T, whereby a customer other than the customer designated to charge the 1-800 number resulting therefrom the payment of a package charge and without having to request credit recovery of this charge.	Obsolete
C100-3-1 OBSOLETE MICRODIALER, PREFERRED AREA CALLING SERVICE	Metropolitan Preferred Area Calling Service is a rate controlled rate outgoing-only intercity/inter-ATA service which is own customer's local station-to other exchanges within the NPA 100/100 calling area.	Obsolete
C100-3-16 OBSOLETE CALLING CONNECTION PLANS	Global Toll calling discount plans.	Obsolete
C100-11 OBSOLETE C.O. WAND WATE	World Wide Telephone漫游电话服务 provider for long distance calls between the USA/US territories and exchanges like the same AT&T within the USA, 2-4 WAATS access lines or 1 line from the Company to the Company's own network telephone or when the customer's own network is overloaded for the purpose of competing AT&T units.	Obsolete
C100-11.1 OBSOLETE CENTREX SERVICE	Centrex Boxes is a complete telephone system which does not require outside direct trunks and a dial-up station. The denotation on outward calls is transfer and transfer of incoming calls.	Obsolete
C100-10 OBSOLETE OPTIONAL FEATURES	Additional features and options provided in conjunction with Central Office Basic Switching Systems, such as Automatic Ring Detection, Caller Message Detail Recording, and Enhanced Trunk Switching.	Obsolete
C100-12 OBSOLETE CENTRICH 64 AND 90 SERVICE	CENTRICH 64 and 90 Services are options that are furnished from a Shared Program Controlled Central Office available to individual line business and residential customers enabling to connect two to three telephone numbers and 10 digit.	Obsolete
C100-13 OBSOLETE CENTRICH CUSTOM SERVICE	CENTRICH Custom is a business communications system furnished directly from a Shared Program Controlled central office.	Obsolete
C100-15 OBSOLETE CENTRICH PLUS SERVICE	Centrex Plus Service is a business communications system furnished only from a Shared Program Control 60 central office.	Obsolete
C100-17 OBSOLETE FSS SERVICE	FSS-1 Standard is a business communications service furnished only from a local 10 digit Electronic Switching System (ESS) CO.	Obsolete

## NON-ESSENTIAL SERVICES

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C100.18	DEADLINE AIRPORT IN COMMUNICATION SERVICE	Description: Advanced Communications system functioned by Point-to-Point Program controlled centre office and remote to Airport operator.	Category: Obsolete
C100.17	DEADLINE CUSTOMIZED MANAGEMENT SUPPORT SYSTEM	Description: Customized CRM Management Service (COMS) CFTRON   Banner Optional Program are developed from a Scope Program Contracted service of COMS, a telephone and cable television news network; CFTRON is the offering available to television customers.	Category: Obsolete
C100.16	DEADLINE BUSINESS MAINTENANCE PLANS	Description: Maintenance Plans available from the Company for non-complex maintenance. These maintenance contracts plan provide for basic installation and maintenance of previous year and subsequent, costs quoted on the customer's side of the Network Interface.	Category: Obsolete
C100.15	DEADLINE BUSINESS MAINTENANCE PLANS	Description: Business maintenance plans provide for extended maintenance, call-out, inspection and repair services for business customers.	Category: Obsolete
C100.14	DEADLINE PURCHASE PLUS REWARD PLAN FOR ISDN	Description: PURCHASE PLUS REWARD Plan For ISDN is an offering available to business customers and applies to a one year, two year or three year ISDN contract. Express (ITA) Payment Agreement or TOTAL ADVANTAGE (TAA) Agreement, and will agree to increase their monthly spend under QTP Express or QTP.	Category: Obsolete
C100.13	DEADLINE NETWORK MANAGEMENT SERVICE	Description: SW TO INET 56 Service is a single-party, full-rate conditioned service which is capable of switching up to ten analog BRI & MUX per second of digital calls.	Category: Obsolete
C100.12	PREMIUM WORKCHARGES	Description: Work Charges are charged for work performed on the customer's side of the distributor point of a Company employee or representative, or the customer's location, which are not charged by other charges.	Category: Available
C100.11	NETWORK PREMIUM WORK CHARGES	Description: Network Premium Work Charges are charged by fee to the customer for work performed by a Company employee or representative for work done on the Company's side of the network interface.	Category: Available
C100.10	RESIDENTIAL MAINTENANCE PLANS	Description: Residential Maintenance available from the Company for residential residential customers. These residential maintenance plans provide trouble diagnosis and troubleshooting of premises in and associated parts located on the customer's side of the network interface.	Category: Available
C100.9	BUSINESS MAINTENANCE PLANS	Description: Business Maintenance Plans provide for extended maintenance, call-out, inspection and repair services for business customers.	Category: Available
C100.8	SINGLE LINE SERVICE	Description: Integrated Services Digital Network (ISDN) Single Line can now provide an integrated voice/data capability to the customer premises facility, utilizing the public switched network ISDN, distributed voice, data, video, image and facsimile by two standard methods of access, a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Category: Supplemental
C100.7	PRIVATE RATE SERVICE	Description: Integrated Services Digital Network (ISDN) is a digital voice and provides an integrated voice/data capability to the customer premises facility, utilizing the public switched network ISDN, distributed voice, data, video, image and facsimile by two standard methods of access, a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Category: Supplemental
C100.6	INDIVIDUAL CASE ISDN SERVICE	Description: Integrated Services Digital Network (ISDN) Individual case can now provide an integrated voice/data capability to the customer premises facility, utilizing the public switched network ISDN, distributed voice, data, video, image and facsimile by two standard methods of access, a Basic Rate Service (BRS) or a Primary Rate Service (PRS).	Category: Supplemental
C100.5	UNIFORM ADDRESS SOLUTION SERVICE	Description: Unifrom Address Solution (UAS) Service provider an unmanaged private line over channels in function with one number per channel type. UAS includes a DS1 facility with optional half duplex and a number connection which can be switching for local exchange and toll networks. From DS1 by the minute, through 24 channels (configurable with multi-line termination and one number functionality).	Category: Supplemental
C100.4	INTEGRATED T1 SERVICE	Description: Integrated T1 (IT1) Service provides a 1.544 Mbps dedicated circuit, run to the customer's premises to the Company, using DS1 access. IT1 includes a DS1 facility, external equipment, local exchange or lighting and 24 numbered channels for access to the local exchange and to networks. Each T1 facility has 24 channels which may be configured to provide the customer required circuit, via multi-line termination.	Category: Supplemental
C100.3	EXPRESS CHANGE CHARGES	Description: Customer's Customer's customers may have charges to their service correlated with a one-hourly basis or an hour-long basis. These charges include installation fees, add, delete, update or upgrade requests, system changes, in bills and rearrangements of telephone numbers and circuits and charges to install new equipment.	Category: Available

Category	Description	Category
Pricing	<b>Small Business CMTF-Basic Line Volume Plan:</b> Description: This Volume Plan is available to customers who are engaged in small business or qualifying residential. A minimum term contract requirement of 12 months is required. Minimum monthly bill requirements are \$1,000 per month. The CMTF Basic Line Volume Plan is offered as a three plan with each tier having a Minimum Line Requirement.	
Pricing	<b>CMTF CONTACT Line discounted pricing option:</b> available to business customers who subscribe to CMTF qualifying products and services under one or more 1-year, 2-year or 3-year term plans.	
Pricing	<b>PURCHASE PLUS REWARD PLAN:</b> PURCHASE PLUS REWARD Plan is an offering available to business customers who purchase a 1-year, two year or three year T-10356-1007-ACTIVE-Pricing (CMTF Agreement) or T-10356-1007-ACTIVE-0749 Agreement, and have agreed to pay their monthly bill amount under CMTF Express or CMTF.	
Pricing	<b>Tenant Solutions:</b> Tenant Solutions is an offering for tenancies of properties in multifamily buildings, office buildings, shopping malls, and other spaces. Tenants will be able to choose from a monthly payment and receive a discount of minimum rates under monthly billing charges.	
Pricing	<b>COMPETITIVE RESPONSE:</b> The Customer Incentive Program is an offering for potential new residence local exchange voice line and local calling residence agreement to reduce the monthly cost of connection of existing services by new customers.	
Supplements	<b>STAND-BY LINE SERVICE:</b> STAND-BY LINE Service is an offering that enables business customers to expand access to their business and expand the capacity to make outgoing calls on an as-needed basis. This can be to deal with customers that are permanent or temporary, and will give incoming customers to and from the business.	
Supplements	<b>HOME BUSINESS LINE SERVICE:</b> HOME BUSINESS LINE (HBL) is a dedicated business add-on service which includes the functionality of a local Hong Kong and both business and residential billing.	
Supplements	<b>MARKET EXPANSION LINE - 1249E:</b> Market Expansion Line is a service that enables the company to call to another customer's selected telephone number in the local calling area or a distant exchange.	
Supplements	<b>MARKET EXPANSION LINE:</b> Market Expansion Line is a service that enables incoming calls from another customer's selected telephone number in the local calling area or a distant exchange.	
Value Added	<b>INTRAGATE SERVICE:</b> INTRAGATE Service allows an individual account to use MTS' local or interconnection system.	
Pricing	<b>PACKAGES ASSOCIATED WITH BASIC EXCHANGE SERVICE:</b> A package of features and rates to customers in conjunction with an individual telephone or wireless telephone service line.	
Pricing	<b>PACKAGES NOT ASSOCIATED WITH BASIC EXCHANGE SERVICE:</b> Certain feature packages available to customers not otherwise separately from the applicable service line.	
.00	<b>WATSON MESSAGE TO INFORMATION CENTER SERVICE:</b> WATSON consists of four calling features for 60000 minutes available between about 1000-11000 of MTS local service areas of the state - ALA.	
Accessory	<b>DIRECTORY ASSISTANCE SERVICE:</b> Directory Assistance is a service whereby a customer may request assistance in identifying local telephone numbers.	
Value Added	<b>OPERATOR VERIFICATION/INTERUPT SERVICE:</b> Enables customers to obtain assistance in determining if a called line is busy or in interrupting a communication in progress due to an emergency situation by calling the C operator.	
Toll	<b>GUARANTEED RATE CALLING CONNECTION:</b> Guaranteed Rate Calling Connection provides a volume discount on MTS based on a minimum number of hours of MTS service per month.	
Toll	<b>CALLING CONTRACT PLANS:</b> MTS Calling Contract Plans are optional rate calling discounted plans.	
Toll	<b>500 SERVICE:</b> A WATS access line arranged for instant calling on a 500 Service provider for off-site calling to a WATS line under one of 1, 2, 300, 700 access line and the public switched network from exchanges within the same LATA. In the State, 500 Service allows customers to receive and pay for incoming long distance calls by using a 500 access number which begins with the local service access code 600X.	
Toll	<b>400G USER DISCOUNT - 400 SERVICE:</b> A WATS access line arranged for instant calling on a 400 Service provider for off-site calling to a WATS line under one of 1, 2, 300, 700 access line and the public switched network from exchanges within the same LATA. In the State, 400 Service allows customers to receive and pay for incoming long distance calls by using a 400 access number which begins with the local service access code 600X.	
Not included	<b>OPTIONAL SERVICE FEATURES:</b> Optional service features provided by Central Office Sites over which are furnished from State Program Control central offices.	

Line Item # (TIN#)	Description	Category
0813 - OPTIMEX PRIME SERVICE	Optimex PRIME service is a switched network communication service linking connections between a central office based switching system and the customer's local switch or server and user customer terminal. Centex PRIME service is a multi media platform which delivers Internet, Voice, Video, Image and Data services to customers.	Supplemental
0817 - CUSTOMIZED CALL MANAGEMENT SERV(CM)CENTRON	Customized Call Management Service (CCM/CENTRON) Service is composed of applied and optional features built into a Special Program Control account office CENTRON. It will be an integrated resource management and CCM is available to individual line business units or combining multiple line business units into a group.	Supplemental
0844 - UNIFIED CALL DISTRIBUTION	Unified Call Distribution (UCD) provides a method of distributing a high volume of incoming calls to lines within a business group, rapidly and automatically.	Value Added
0845 - UC-AUTO CALL DISTRIBUTION (UC-ACD)	UC-ACD Service provider of distributor as an integrated function of the central office UC-ACD Service provider of distributor as a large volume of incoming calls to a business group or a meeting point of a calling pool of agents, such as agentless seats.	Value Added
0851 - SERVCA-FRONTOFFICES	Procedure for potential future purchases involving the acquisition of private telephone lines.	Phone

Code Section / Code Heading	Description	Category
0105.2.10 CONSOLIDATE DATAPHONE DIGITAL SERVICE	QX1AFTOMICS Digital Services is a registered trademark of AT&T's Digital Data Services, common usage has come to use the term DDS generally to mean the digital data service offering we offer to our end users.	Obligation
0105.2.14 DECODE SERVICE GRADE SERVICE	Value Grade circuits are provided with a bit rate of 56K-9600 bps designed to meet certain application needs based on Company Standards of minimum for the voice and standard data bandwidths of 16K bps, 64 Kbps, 128 Kbps and 256 Kbps originating from 30Kbps.	Obligation
0105.2.16 DECODE ITF GEOMAP OF PVC CE	Geocells is a high speed multi-channel fiber optic local connection service, it allows Direct Access to the Internet (DIA) by bypassing the telephone company's central office. Having different wavelength can be simultaneously transmitted in the same connection over one strand of fiber.	Obligation
0106.2.2 DECODE ITF SERIES 5000 CHANNELS	Series 5000 Circuits provide basic capacity for interconnecting various forms of telecommunication equipment and terminating arrangements necessary for the utilization of such capacity. Channels are further subdivided according to telephone, facsimile, teleconference, data transmission, remote monitoring, supervisory control, news services, big band and narrow pulse data, television and other arrangements as provided. Series 5000 circuits are furnished for instant T1 or leased circuit service only.	Optional
0106.2.3 DECODE ITF DATAPHONE SELECT-A-STATION	DAT/S circuits are data circuits which are limited for use between: - The repeater station and the Loop Station or under DS3x or - DS3x center - The DS3 and the Remote Stations	Optional
0106.2.6 DECODE ITF TELE ANSWERING SERVICE	Customer owned customer equipment, designated for use in local ISDNs with TADs or user equipments, eliminates the necessity for a separate access point for each subscriber office connection to the carrier and the access point.	Optional
0214.1 BROADBAND ACCESS SERVICE (VDSL4, E)	Provides for a customer location or code of Company-owned Switched Access DB or DS3 capacity assigned to Internet access provided at designated customer equipment.	Value Added
0312.2 NONREBOURING CHARGES	Nonrebouring charges are one-time charges that apply for a specific event(s). The type of nonrebouring charges that apply are: Service Premium or Charge (Initial and Subsequent), Channel Permits to Terminate Multiple, Cyclic Permits and Full-Block and Service Rearrangements, Special Connection charges. Customers who order service under an Alternative Pricing Arrangement, may incur additional nonrebouring charges as identified in each individual DSC.	Value Added
041.7 BROADBAND EXCHANGE	Service rates for the initial and/or new locations or reconnection of existing services may be changed if the new location and/or facility addressed the original rate or data by more than 30 business days.	Arbitrary
041.12 MAINTENANCE OF SERVICE	When a customer becomes unable to be connected to no route is found in the Company's books, the customer shall be responsible for payment of a Maintenance of Service charge.	Arbitrary
041.11 ADDITIONAL ENGINEERING	Additional Engineering will be provided by the Company on the request of the customer when:  A. A customer requests additional technical information after the Company has already provided the technical information normally included on the Design - Order Report (DOR)  B. Additional Engineering time is requested by the Company to engineer a customer's request for a Customized service.	Arbitrary
041.12 ADDITIONAL LABOR	Additional labor ordered less than required by a customer for a given service and agreed to by the Company.	Arbitrary
041.13 ADDITIONAL ENGINEERING AND LABOR CHARGE(S)	Regimen 041.11 and 041.12	Arbitrary
041.11 ACCEPTANCE TESTING	Customer requests testing by the Company of specified non-service parameters.	Arbitrary
041.15 TESTING SERVICES	Additional Cooperative Acceptance Testing and Non-Scheduled Testing for Value Grade Services to test specified parameters.	Arbitrary
041.16 TESTING CHARGES	Refers to 041.15	Arbitrary
041.17 ASSET WATCH CHARGES	Capital Charge applies to all Private and Terminal, Backbone and uplink. If, for any reason, the customer requests a service rate change cut off date, notify the Company before the service date or the Company technician is dispatched to the customer's premises on the service "off" date.	Arbitrary

Term/Service/Charge Description	Description	Category
Q4.1.2 DESIGN CHANGES	Additional charges are levied to cover the costs required for providing services. An engineering review is carried out by Company personnel of all customer requests and the requested changes to determine what change in the design, if any, is necessary to meet the changes requested by the customer.	Auxiliary
Q4.1.3 CANCELLATION OF APPLICATION FOR SERVICE	Penalty charges are based on the determined costs incurred by the Company to cancel the order or cancellation.	Auxiliary
Q4.1.4 EXPEDITE	An Expedite Charge will apply in situations where the Customer requests and the Company agrees to make the connection an expedited task.	Auxiliary
Q4.1.5 DESIGN LAYOUT REPORT	At the request of the customer, the Company will provide to the customer the cost of the facilities and services. This information will be provided in the form of a Design Layout Report. A modified DLR will be done, subject to the customer's no-charge, and it will be issued or updated whenever that DLRs are physically changed. A DLR will be required, and both copies of the modified DLR and a hard copy of the DLR will be provided and submitted to the customer.	Auxiliary
Q4.1.6 SPECIAL CONSTRUCTION	i. Special Construction is levied when a customer requires service and the facilities are either not available, or incur additional costs beyond those which would otherwise be incurred to construct.	Auxiliary
Q4.1.7 MAINTAINING TWO LINES	Expense of maintaining Company provided facilities and service beyond the ordinary expenses of doing so.	Auxiliary
Q4.1.8 FACILITIES PROTECTION - SPECIAL FACILITIES HOLDING	Special Facility Holding is levied when in order to comply with requirements imposed by the customer, the Company must hold services in a manner which reduces or restricts the future usage options: A. Unavailability B. Availabilities C. Discrepancy and Assurance Measures D. Call-in Only Fee Rate	Value Added
Q4.1.9 PROTECTION SERVICE FOR HIGH VOLTAGE REQUIREMENTS	Company services provided on facilities that extend to a high voltage environment, i.e. related to power generating, transmission/distributing licensee, require high voltage protection whenever the voltage is higher than 1000V peak/maximum or greater upon customer's insistence due to Ground Potential Rise (GPR) under induction caused by the local electric power system (as stated on the customer's premises).	Auxiliary
Q4.1.10 OWN/MANUAL NETWORK PLANNING, DESIGN & OPERATION SERVICES	Customer A Line Network Planning/Design Services to provide the customer with the ability to re-engineer or modify their network from their premises to the customer's.	Value Added
Q4.1.11 TELECOM SERVICE PRIORITY SYSTEM	Telecommunications Service Priority (TSP) is a regulatory, health and safety, and law-enforced agenda to be operated by the Federal Government to ensure safety by providing an orderly restoration of National Security Emergency Procedures (NSEPs) telecommunications services.	Auxiliary
Q4.2.1 USE/TEST EQUIPMENT	Test Services provide for the two-way test of services of TSI-A Multiplex equipment along with a point-to-point backbone. Test Services can be provisioned on copper, fiber, or other suitable facilities at the discretion of the Company. Test Services may be used for the transmission of voice, data, full video traffic, or any combination thereof. Test Services is provided between two NSEPs for the period of 30 minutes, unless otherwise indicated, up to 6,000 bits per second (bps) and a Company fee being \$100.00 US dollars (USD) for each service, plus a \$100.00 deposit and a Company fee being \$100.00 USD for each service.	Value Added
Q4.2.2 CUSTOM SERVICE ARRANGEMENTS	One-off arrangements of equipment and services requested by customers for specialized operational control for connecting with existing carrier services.	Value Added
Q4.2.3 LOW-SPEED DATA SERVICE	One-to-few channels capable of transmitting low speed varying bytes (variable up to 2048 bits) in bursty S/TDMA fashion of 10-100 baud. Low-speed data channels are furnished and used from a PCU to a POS or T1 type interface to a PCU. These channels are furnished on a one-point-to-multipoint basis.	Value Added
Q4.2.4 DIGITAL DATA SERVICE	Digital Data Service (DDS) is provided on a two-point-to-multipoint basis and is capable of transmission of an enormous variety of data at the rate of 56, 48, 96, 192 or 384 kbps. Digital Data Rates are broken out in 64 kbps or a two-point-to-one channel. Standard DDS Services are available.	Value Added
Q4.2.5 SIMULTANEOUS VOICE/DATA SERVICE	Simultaneous Voice/Data Service (SVDS) provides two-point-to-multipoint transport of 64-couplets, day/night or 64x128x128 digital rates, or speeds of 56, 48, 96, or 192 kbps, where STP technology carrying 24 telephone ports over a single, dedicated, two-wire exchange access line or network access channel facility. Basic rate DDS Services are available.	Value Added

NOTE 1: This document is for the Public Sector.

E = Existing or Major Services

I = Interim or Minor Services

C = Customer or Business Transactions

A = Competitive Advanced Customer Services

Category	Description	Value Added	
Q6213	DSI SERVICE	DSI Services provided for the exchange of traffic between 1,544 Mbit/s digital signals on a point-to-point basis only. DSI Services may be provisioned on copper, fiber, or other suitable media, at the discretion of the Company. DSI Services may be used for the transmission of voice, data, and video signals. On a connection shared, DSI Service is a service between two customer designated premises, between a customer designated premises and a Company Serving Area Center, or between Company Serving Area Centers.	Value Added
Q6214	DSD SERVICE	DSD Services provide a high capacity channel for the transmission of 44,736 Mbit/s synchronous data, resulting in the speed of up to three zero-synchronous bytes. DSD services are provided between customer designated premises, between a customer designated premises and a Company Hub, or between Company hubs.	Value Added
Q6215	SELF HEALING NETWORK SERVICE	Self-Healing Network Service (S-HNS) is a service arrangement designed to allow for high-speed, digital voice and data over multiple customer designated premises (Remote Nodes) and a minimum of three Company serving center hubs, without loss of call in the event of any single bit error (asynchronous or otherwise) within the Self-Healing Network.	Value Added
Q6216	OCOMMAX BBPIPE	OCOMMAX BBPIPE is a high-speed, multi-protocol, fiber optics data transport service. It utilizes Dense Wave Division Multiplexing (DWDM) technology to enable two or more optical signals having different wavelengths to be simultaneously transmitted in the same fiber over a distance of 100 km.	Value Added
Q6217	QWAVE SERVICE	QWave is a circuit based service, utilizing Shared Wave Division Multiplexing (SWDM) technology to provide dedicated, point-to-point bandwidth on a common Qwave interface.	Value Added
Q6218	VOICE TRUNK SERVICE	Voice Circuits will be provided with a bandwidth of 300-3000 Hz designed to meet certain specifications based on Company standards of measurement for voice transmission, data transmission, and/or including telephone and interactive computer signaling sources.	Value Added
Q6219	LOCAL AREA DATA SERVICE	Local Area Data Service provides for broadband transmission of digital data signals, between two points within the same serving area. Customer Service is provided to selected two points that are not from the same local exchange office, using routeable cable routing between the points to be served. Other local exchange offices in the area are not provided. Services are offered at 16 Kbps standard transmission on T1, T3, DS3, S, and E.	Value Added
Q6220	AUDIO SERVICE	Audio channels are provided for the transmission of non-broadcast program signals or a two-point point-to-point basis. The channels are furnished on a monthly basis for voice circuit (non-broadcast), and/or video circuits if applicable or desired or only.	Value Added
Q6221	FOREIGN EXCHANGE SERVICE	Foreign Exchange (FX) Service provides direct access to a FX center in a foreign country which the customer is not normally served.	Value Added
Q6222	FOREIGN CENTRAL OFFICE SERVICE	Foreign Central Office (FCO) Service provides direct access to a customer's foreign office center in a foreign country in the same exchange.	Value Added
Q6223	EXCHANGE SERVICE EXTENSIONS	Channelized or individual alternate lines to a customer's existing or new central office property, station location.	Value Added
Q6224	TELEPHONE ANSWERING SERVICE	A Telephone Answering Service (TAS) does not provide a dedicated individual line, offering a telephone answering service to a number of customers via a general answering.	Value Added
Q7211	SWITCHED TRANSPORT	Provides the user connection facilities between the customer's premises and the end office, switching where the customer's traffic is forwarded off route or terminated.	Value Added
Q72114	OC30-FTE LINE/VOYAGE ADVANTAGE	FTE LINE/VOLUME ADVANTAGE enables the customer to subscribe to a switching facility that has 10 or more lines in total, under a single business access license. A customer may have up to a maximum of 3,000 pair of calling lines within the Quebe region. FTE LINE/VOLUME ADVANTAGE is offered on a lease plan option with the following Minimum Line Requirements:	Checklist
Q7212	CAPTURED VOIP SERVICE LINE ON ICY	An IP-based service line associated with a local toll free long distance calling.	Checklist
Q7213	24X7 ETC AUXILIARY WASH SERVICE	Additional termination for a WASH access line.	Checklist

Carte Sector / Carte Assuring	Description	Category
C107-1.5 C107- PTE LARGE USER DISCOUNT OUTWARD CALLS AND 10%	The Large User Discount provides a minimum reduction of netwt/MIN*E and/or 300 FREECALL*LINE Option based on a minimum number of hours of the service connected.	Category C107-00
C109-1.17 DISCOUNT CONTRACT X 21 SERVICE	Contract 21 Service is a full rate, business service for customers with 2 to 60 call lines. Contract 21 Service is furnished directly from a Shared Region Contract center office, offered subject to the availability of bid lines and applicable programs, features, programs and all services available from a 2002CS Central Office. Contract 21 consists of standard features which are available to all bid or local in the shared customer area, where available. A Contract 21 customer has a choice of negotiating with its shared center, by telephone, telex and/or EDI, digital, voice or by ISDN. Area.	Category C109-00
C109-3 SPECIAL HOUR DISCOUNT	Special hour discount applies only to Interregional ATA long distance telephone calls originating and terminating to certain service centers within the same LATA. It is valid during selected days at rates quoted by the local company.	full
C1092-0.4 OBSOLETE COMBINATION 400-500 LINE SERVICE	Two or more local lines, each at a different location in the same local service area, arranged with the capability of connecting calls to one line or each other lines at another location.	Category C109-00
C1092-19 OBSOLETE DED SERVICE	An arrangement that allows a customer to transport any framed sequence of a day or week and across telephone lines which changed.	Category C109-00
C44 COMPETITION REQUESTER	An entity for potential new business and is holding business customers to induce the induction or continuation of existing services by those customers.	Phone
C45 REPORT ON FAULTS	Relates to C4-1.12 - When a fault occurs, faults located at the Company for clearance and no faults found in the Company's local line, the customer shall be responsible for payment of a maximum of \$150 per fault day.	Activity

REVISED ATTACHMENT A  
COMPETITIVE SERVICESArizona Corporation Commission  
Docket No. T-010518-11-0378  
CenturyLink  
Direct Testimony of Robert M. Brigham  
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Tariff Section (1) Description	BASKET
E10.10.8 DISASTER RECOVERY SERVICES	1
E10.11.3 N11 SERVICE	1
E10.4.4 TOLL RESTRICTION	1
E10.4.8 900 SERVICE ACCESS RESTRICTION	1
E10.4.7 BLOCKING FOR 10XXX-+10XXX011+	1
E10.7.1 CALLER IDENTIFICATION BLOCKING-PER CALL	1
E10.7.2 CALLER IDENTIFICATION BLOCKING-PER LINE	1
E109.2.5.B OBSOLETE SERVICE STATIONS	1
E109.2.1 OBSOLETE EMERGENCY REPORTING SERVICE	1
E2.2.10 TEMPORARY SUSPENSION OF SERVICE - CUSTOMER INITIATED	1
C2.2.7 ASSIGNING & CHANGING TELEPHONE NUMBERS	1
E2.2.9 TERMINATION OF SERVICE - COMPANY INITIATED	1
E2.3.2 RETURNED CHECK CHARGE	1
E3.1.1 NONRECURRING CHARGES	1
E3.1.7 DUAL SERVICE	1
E3.1.8 EXPRESS SERVICE	1
E5.1.6 LOCAL SERVICE INCREMENTS	1
E5.2.1 MEASURED USAGE CHARGES	1
E5.2.2 LOW USE OPTION SERVICE - PRIMARY LINE	1
E5.2.4 FLAT RATE SERVICE - PRIMARY LINE	1
E5.2.5.A SERVICE STATION LINES	1
E5.2.6 TELEPHONE ASSISTANCE PROGRAMS	1
E9.2.1 UNIVERSAL EMERGENCY NUMBER SERVICE - 911	1
E9.2.5 EMERGENCY TRANSPORT BACKUP	1
C5.3.3 FLAT RATE TRUNKS	2
C5.4.2 TOUCHTONE CALLING	2
C5.6.4 INTERCEPT SERVICES	2
Q7.1 - Q7.9.1 SWITCHED TRANSPORT	3
Q21.1 - Q21.4.1 SWITCHED ACCESS SERVICE VIRTUAL EI	3
E5.7.1 LISTING SERVICES (INCLUDES RESIDENCE NLT AND NPU)	1
E11.2 POLE ATTACHMENTS	1

## NOTE 1: Price Cap Tariff Section Prefix Codes

E = Exchange and Network Services

C = Competitive Exchange and Network Services

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Tariff Section (1)	Description	BASKET
C10.10.1	MESSAGE DELIVERY SERVICE	2
C10.10.2	MESSAGE WAITING INDICATION	2
C10.2.2	CENTRAL OFFICE MAKE BUSY/STOP HUNT	2
C10.4.1	CUSTOMNET SERVICE	2
C105.10	OBsolete RESALE/SHARING OF COMPANY SERVICES	2
C105.2.5	OBsolete LOCAL SERVICE OPTIONS	2
C105.3.4	OBsolete DID SERVICE	2
C105.3.5	OBsolete IDENTIFIED OUTWARD DIALING	2
C105.4.10	CUSTOM RINGING SERVICE	2
C105.4.11	OBsolete HUNTING SERVICE	2
C106.4.3	OBsolete CUSTOM CALLING SERVICES	2
C105.7.1	OBsolete LISTINGS	2
C109.2.3	OBsolete EMERGENCY ALARM AND REPORTING SERVICE	2
C110.3.1	OBsolete ARRANGEMENTS FOR NIGHT, SUNDAY/HOLIDAY SERVICE	2
C110.4.2	OBsolete TOLL DIVERSION	2
C110.8	OBsolete NETWORK CONNECTING ARRANGEMENTS	2
C125.1	OBsolete CUSTOMIZED SERVICES OF EQUIPMENT OR SERVICE ARRANGEMENTS	2
C15.1	UNIDIAL SWITCHED SERVICES (DSS)	2
C26.1	CUSTOMIZED SERVICE EQUIPMENT OR SERVICE ARRANGEMENTS	2
C5.10	RESALE/SHARING OF COMPANY SERVICES	2
C5.2.2	LOW USF OPTION SERVICE - ADDITIONAL LINES	2
C5.2.4	FLAT RATE SERVICE - ADDITIONAL LINES	2
C5.2.5.A	PUBLIC RESPONSE CALLING SERVICE	2
C5.2.6.A	PUBLIC RESPONSE CALLING SERVICE	2
C5.3.4	DIRECT INWARD DIALING (DID) SERVICE	2
C5.4.10	CUSTOM RINGING SERVICE	2
C5.4.11	HUNTING SERVICE	2
C5.4.19	NUMBER FORWARDING	2
C5.4.3	CUSTOM LOCAL SERVICES	2
C5.4.6	BASIC EXCHANGE ENHANCEMENT	2
C5.4.8	OPEN SWITCH INTERVAL PROTECTION	2
C5.4.9	CALLER IDENTIFICATION - BULK	2
C5.7.1	LISTING SERVICES	2
C5.7.7	CUSTOM NUMBER SERVICE	2
C9.4.6	NEXT CONNECTS	2
ACSE10.5	RATES AND CHARGES	3
ACSE107.5.1	GENERAL	3
ACSE100.5	RATES AND CHARGES	3
ACSE.4.1	GENERAL	3
ACSE.4.2	OPTIONAL FEATURES AND FUNCTIONS	3
ACSE.6.1	GENERAL	3
ACSE.5.2	OPTIONAL FEATURES AND FUNCTIONS	3
ACSE7.5.1	GFNFRAI	3
C10.10.4	TRAFFIC DATA REPORTING SERVICE	3
C10.10.5	CALL EVENT AND MANAGEMENT SIGNALING SERVICE (CEMS) SUBSCRIBER	3
C10.6.2	CODE BILLING	3
C105.2.12	OBsolete BUSINESS LINE VOLUME PURCHASE PLAN	3
C105.4.14	OBsolete CUSTOM SOLUTIONS	3
C105.4.16	OBsolete SINGLE NUMBER SERVICE	3
C105.4.17	OBsolete SELECT CALL ROUTING SERVICE	3

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Tariff Section (#)	Description	BASKET
C106.6	OBsolete joint user service	3
C106.3.1	OBsolete packages associated with basic exchange service	3
C106.2.2	OBsolete packages not associated with basic exchange service	3
C106.2.3	OBsolete 1-800 calling service	3
C106.2.5	OBsolete special reversed charge long distance service	3
C106.3.1	OBsolete metropolitan preferred area calling service	3
C106.3.1B	OBsolete calling connection plans	3
C107.1.1	OBsolete outward wats	3
C109.1.1	OBsolete centrex service	3
C109.1.10	OBsolete optional features	3
C109.1.12	OBsolete centron 6 and 30 service	3
C109.1.13	OBsolete centron custom service	3
C109.1.15	OBsolete centrex plus service	3
C109.1.2	OBsolete gas service	3
C109.1.8	OBsolete airport intercommunicating service	3
C109.1.7	OBsolete customized management services/centron i	3
C113.3	OBsolete residence maintenance plans	3
C113.4	OBsolete business maintenance plans	3
C114.3.2	OBsolete purchase plus reward plan for isdn	3
C116.2	OBsolet switchnft 56 service	3
C13.2	Premises work charges	3
C13.2.1	Network premises work charges	3
C13.3	Residence maintenance plans	3
C13.4	Business maintenance plans	3
C14.2.1	Single line service	3
C14.3.1	Primary rate service	3
C14.4	Individual case isdn service	3
C15.3	Uniform access solution service	3
C15.4	Integrated t-1 service	3
C3.1.8	Express change charges	3
C5.11.1	Line volume plan	3
C5.11.2	core connect 1	3
C5.11.3	Purchase plus reward plan	3
C6.2.10	Tenant solutions	3
C5.2.11	Competitive response	3
C5.2.5.8	Standby line	3
C5.2.0	Home business line service	3
C5.4.4	Market expansion line - usage	3
C5.4.4	Market expansion line	3
C6.4.7	IntraCall service	3
C5.9.1	packages associated with basic exchange service	3
C5.9.2	packages not associated with basic exchange service	3
C8.2.1	Two point message telecommunications service	3
C8.2.4	directory assistance service	3
C8.2.6	operator verification/interrupt service	3
C8.3.17	guaranteed rate calling connection	3
C8.3.18	calling connection plans	3
C7.1.2	800 service	3
C7.1.5	large user discount - 900 service	3
C8.1.10	optional service features	3
C9.1.10	centrex prime service	3

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REVISED ATTACHMENT B  
NON ESSENTIAL SERVICES

Arizona Corporation Commission  
Docket No. T-01051B-11-0679  
CenturyLink  
Direct Testimony of Robert H. Brigham  
Exhibit R-B-11  
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Tariff Section (1)	Description	MASKE-
C9.1.7	CUSTOMIZED CALL MANAGEMENT SERVICES/CENTRON I	3
C9.4.4	UNIFORM CALL DISTRIBUTION	3
C9.4.6	CUSTOMIZED CALL DISTRIBUTION (CO-ACD)	3
Q10.1	SPECIAL PROMOTIONS	3
Q106.2.10	OBsolete DATAPHONE DIGITAL SERVICE	3
Q106.2.14	OBsolete VOICE GRADE SERVICE	3
Q105.2.18	OBsolete GEOMAX SERVICE	3
Q106.2.22	OBsolete SERIES 5000 CHANNELS	3
Q105.2.3	OBsolete DATAPHONE SELECT-A-STATION	3
Q106.2.9	OBsolete TELEPHONE ANSWERING SERVICE	3
Q3.2.2	NONRECURRING CHARGES	3
Q4.1.1	SERVICE DATE CHANGE	3
Q4.1.10	MAINTENANCE OF SERVICE	3
Q4.1.11	ADDITIONAL ENGINEERING	3
Q4.1.12	ADDITIONAL LABOR	3
Q4.1.13	ADDITIONAL ENGINEERING AND LABOR CHARGES	3
Q4.1.14	ACCEPTANCE TESTING	3
Q4.1.15	TESTING SERVICES	3
Q4.1.16	TESTING CHARGES	3
Q4.1.17	DISPATCH CHARGE	3
Q4.1.2	DESIGN CHANGE	3
Q4.1.3	CANCELLATION OF APPLICATION FOR SERVICE	3
Q4.1.4	EXPEDITE	3
Q4.1.6	DESIGN LAYOUT REPORT	3
Q4.1.8	SPECIAL CONSTRUCTION	3
Q4.1.9	MAINTAINING FACILITIES	3
Q4.3.2	FACILITIES PROTECTION/SPECIAL FACILITIES ROUTING	3
Q4.4	PROTECTION SERVICE FOR HIGH VOLTAGE ENVIRONMENTS	3
Q4.6	COMMANDLINK-NFTWORK RECONF GUATION SERVICE	3
Q4.8	TELECOM SERVICE PRIORITY SYSTEM	3
Q5.2.13	US WEST DS1 SERVICE	3
Q5.2	CUSTOM SERVICE ARRANGEMENTS	3
Q6.2.1	LOW-SPEED DATA SERVICE	3
Q6.2.10	DIGITAL DATA SERVICE	3
Q6.2.12	SIMULTANEOUS VOICE DATA SERVICE	3
Q6.2.13	DS1 SERVICE	3
Q6.2.14	DS3 SERVICE	3
Q6.2.15	SELF HEALING NETWORK SERVICE	3
Q6.2.18	GEOMAX SERVICE	3
Q6.2.19	QWAVE SERVICE	3
Q6.2.2	VOICE GRADE SERVICE	3
Q6.2.4	FOCAL AREA DATA-SERVICE	3
Q6.2.5	AUDIO SERVICE	3
Q6.2.6	FOREIGN EXCHANGE SERVICE	3
Q6.2.7	FOREIGN CENTRAL OFFICE SERVICE	3
Q6.2.8	EXCHANGE SERVICE EXTENSIONS	3
Q6.2.9	TELEPHONE ANSWERING SERVICE	3
C105.11.4	OBsolete LINE VOLUME ADVANTAGE	3
C107.1.3	OBsolete 800 SERVICELINE OPTION	3
C107.1.4	OBsolete ANCILLARY WATS SERVICE	3
C107.1.5	OBsolete LARGE USER DISCOUNT - OUTWARD WATS AND 800	3

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REVISED ATTACHMENT B  
NON-ESSENTIAL SERVICES

Arizona Corporation Commission  
Docket No. I-01051R-11-0378  
CenturyLink  
Direct Testimony of Robert H. Brigham  
Exhibit RHB 11  
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Tariff Section (1)	Description	BASKET
C109.1.17	OBSOLETE CENTREX 21 SERVICE	3
C8.2.9	SPECIAL HOUR DISCOUNT	3
C105.2.5A	OBSOLETE 1E COMBINATION ACCESS LINE SERVICE	3
Q106.2.13	OBSOLETE DS1 SERVICE	3
Q3.6	COMPETITIVE RESPONSE	3
Q4.1.8	REPAIR OF FACILITIES	3

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